

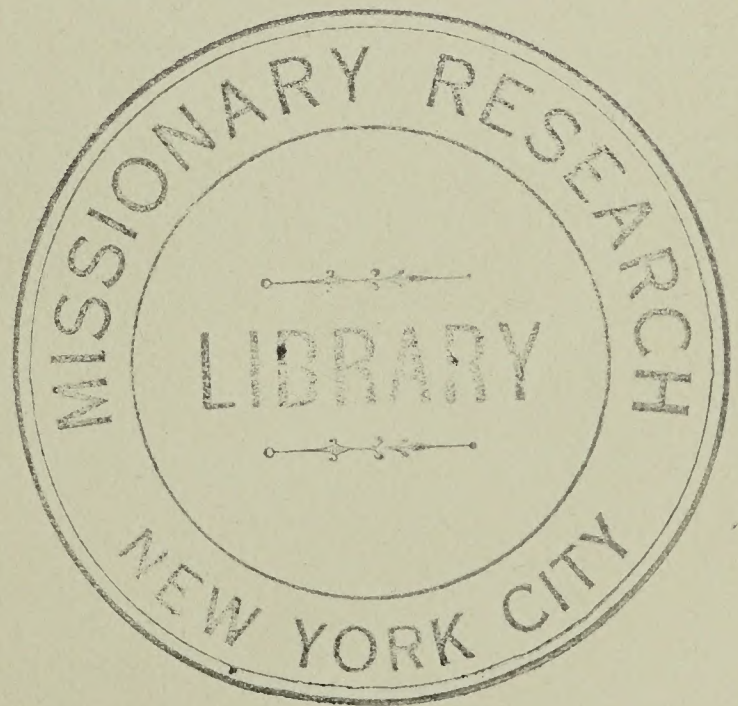
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PRINCIPLES AND METHODS OF
FINANCIAL
RECONSTRUCTION
WORK

Undertaken Under the Auspices of
THE LEAGUE OF NATIONS

*Published by the Institute of Pacific Relations
Honolulu, 1929*



ADVANCE PROOF

PRINCIPLES AND METHODS
OF
FINANCIAL RECONSTRUCTION WORK

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of the
League of Nations

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FINANCIAL RECONSTRUCTION WORK

Report of the
Committee on
Financial Reconstruction
of the
Federal Reserve System

Published by the Federal Reserve Board
Washington, D. C.

FOREWORD

The round-table which discussed the problem of foreign investments in China at the conference of the Institute of Pacific Relations held in Honolulu in July, 1927, drew the attention of the research department to the scarcity of information available in this field.

In pursuance of this recommendation arrangements have been made for a coöperative investigation into the problem. The Social Science Research Council of the United States has made available a grant to the Brookings Institution, Washington, D. C., for a project to be conducted under the direction of Mr. C. F. Remer, Professor of Economics at the University of Michigan and formerly at St. John's University, Shanghai. Professor Remer divided his study into two stages. In the first preliminary stage the following preliminary papers will be prepared:

(i) British Investments in China by T. E. Gregory, Professor of Public Finance, University of London, and Dennis H. Robertson, Lecturer in Economics, University of Cambridge.

(ii) Japanese Investments in China by a committee of Japanese economists.

(iii) Foreign Investments in China by D. K. Lieu, Director of the Bureau of Census and Statistics, Nanking.

(iv) American Investments in China by C. F. Remer, Professor of Economics, University of Michigan.

(v) French and German Investments in China by C. F. Remer.

In addition to the factual information contained in these papers, it has been thought desirable to prepare for the use of the round-table of the Institute's conference to be held at Kyoto in October-November, 1929, information concerning the methods that have been used by the Financial and Economic Section of the League of Nations in studying problems of economic and financial rehabilitation in various European countries. A select bibliography attached to this paper provides references to official reports which describe the progress of the various schemes of financial reconstruction undertaken by the League in Europe. The paper itself is concerned with the technique of investigation which was used prior to the undertakings of such schemes. It has been compiled partly from published information and partly from material obtained on request by the research department of the Institute from officials connected with some of the League schemes of reconstruction.

The Institute's thanks are due to these officials and particularly to Sir Arthur Salter who permitted access to hitherto unpublished material concerning methods adopted in connection with the League's financial work. The

FOREWORD

paper which follows is published by the research department of the Institute as preliminary material for the Kyoto conference. It is not an official League document. Statements of fact have been verified as far as possible; but such statements as well as those which involve elements of appreciation and judgment do not in any way carry the authority of the League since the research department of the Institute is responsible both for the initial request and for the final form in which the information is presented.

Honolulu
August, 1929

J. B. CONDLIFFE
Research Secretary
Institute of Pacific Relations

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FINANCIAL RECONSTRUCTION WORK OF THE LEAGUE OF NATIONS

I. INTRODUCTION

The object of this report is to describe the principles and methods used during the past decade in financial and reconstruction work under the auspices of the League of Nations, and to examine the changes of method adapted to varying circumstances. It is confined to the nine schemes of reconstruction which have been carried out in Europe in six European countries. In 1922, *Austria*, on the verge of dissolution and social upheaval, turned to the League, and within three years secured a balanced budget and a stabilized currency. Two years later *Hungary*, also involved in the ruin of the old Austro-Hungarian Empire, followed her neighbor's example, and within two years a similar result was achieved. Greece brought in 1923 a somewhat different problem to Geneva. The sudden influx of nearly a million and a half refugees into a country with a total population of between three and four times that number had created a situation with which the Government could not deal by its unaided efforts. The importance of the Austrian crisis in European politics, and the fact that it was the first financial reconstruction carried through with the help of the hitherto untried machinery of the League, have diverted public attention from the later Greek problem. But the settlement of Greek refugees, in its scale and complexity, presented a greater task. After five years work the majority of the refugees have been settled in productive work, and now constitute an important factor in the economic revival of Greece.

Apart from the settlement work the Greek Government in 1927 proceeded to reform its public finances with the advice and assistance of the League. Meanwhile *Bulgaria*, with similar problems, followed the same course in 1926 and 1928. The refugees were fewer than in Greece but their presence was a serious factor in her internal politics and above all in her external relations. Their settlement is having the same results as in Greece, and the Bulgarian Government, like the Greek Government, applied a second time to the Council two years later, and with the advice of the League proceeded to balance the budget and stabilise the currency. These six schemes, one in Austria, one in Bulgaria and two each in Greece and Bulgaria, constitute the main bulk of the League's financial work; but the two *Danzig* loans chiefly for development work and the banking and currency reform in *Estonia*, both undertaken on the advice of the League and with its help in 1926, although they were on a smaller scale, afford important illustrations of changes in method adapted to the different circumstances.

Each of these reconstruction plans involved the issue of an international loan under the auspices of the League. The bonds of nine loans have been issued in many countries.

Thus the League's financial work has profoundly influenced the internal financial order of several countries. It has had a considerable effect on international relations where internal financial disorder affected external relations; it has been studied by banking circles; its purposes and effects are known through the so-called League loans to the investing public of the world; it has influenced those responsible for the public finances of other countries; in certain respects it has served as a model and created precedents; and its broad results are widely known.

But the principles and methods which had led to these results are far less thoroughly or widely understood. Principles have never been made clear, partly, perhaps, because they have never been explicitly formulated—perhaps never consciously pursued. Methods again are obscured by the details and complication of official procedure, and by the fact that in this kind of work certain factors, not the least important, do not play a public rôle.

Accordingly in the following notes an attempt is made to answer the apparently simple question "How was this work accomplished?" It will exclude, except in so far as may prove necessary for an understanding of principles and methods, any account of the work itself, e. g. the detailed measures of budgetary reform, the constitution and functions of central banks, and the technique of reconstruction in all its financial detail. It is concerned with the powers and functions of the various organs involved, how and why they were brought into play, and not with the work which they did. To use an economic metaphor—it is the composition and working of the machinery rather than the raw material or the finished product which is our concern.

**Method
Adopted for
These Notes**

Alternative methods have suggested themselves for dealing with such a subject. One is historical—treating each case separately. The other is analytical—treating the work as a whole, discovering certain main principles common to several cases at once, tracing them through the ramifications of varying circumstance. The latter treatment has been preferred for the sake of clearness. But if it brings to light a certain consistency and continuity of policy and a certain uniformity of method, it should be emphasised that the circumstances of each problem have in fact dictated its solution. There has never been any *a priori* League policy or method.

We propose therefore, after having described briefly the constitution and methods of work of the three League organs chiefly concerned with the financial work, viz. the Council, the Financial Committee and the Secretariat, to examine in some detail the process by which financial problems have come to be examined in the first instance by them. Then we will try to distinguish certain principles which have in the main constituted their policy and governed their action. Thereafter we shall examine through what various types of organization these principles have been put into practice. Finally, some consideration will be given to the relationship thus established between the League and the States and Governments who have had recourse to it.

II. PERMANENT LEAGUE ORGANS

The Council is, with the Assembly, the supreme authority of the League. It consists normally of the representatives of France, Germany, Great Britain, Italy and Japan, countries which have permanent seats, and those of nine other countries elected periodically by the Assembly. Moreover, any Government which is specially interested in a given question is entitled to be represented as a full member for the discussion of that question. The Council is essentially a political body attended at its four annual meetings by eminent statesmen, often the Foreign Ministers of the countries represented. Analogies with national institutions are misleading; but it has often been said that if the Assembly bears some resemblance to legislative and deliberative bodies, the Council has some of the characteristics of a typical "executive." Over the whole range of the League's activities it shares with the Assembly (but to a greater degree, since the Assembly meets only once a year and is much less closely in touch with the work) the duty of taking the necessary decisions of principle and the responsibility of deciding whether this or that task shall be undertaken, and approves if it does not itself lay down the main lines upon which it shall be done. Except in questions of procedure and unless majority decisions are provided in special agreements, it has to be unanimous. It meets either publicly, in the presence of the general public and representatives of the press; or privately when usually a number of officials—but officials only—are present; or secretly. One or other of these methods is adopted according to the nature of the subject discussed. Broadly speaking, publicity is given to all decisions, but delicate negotiations preceding decisions are kept private or secret—at least for a time. It often creates special sub-committees of its own members; and these committees usually meet in private. Verbatim minutes of its public meetings are issued at once; the records of its private and secret meetings are published only after varying intervals and are usually confined to the decisions taken, supplemented, on occasion, by a brief summary of the discussion.

1. The Council

One point is worth emphasising in considering the Council's procedure. Article 4 of the Covenant lays down:

Any Member of the League not represented on the Council shall be invited to send a Representative to sit as a member at any meeting of the Council during the consideration of matters specially affecting the interests of that Member of the League.

Accordingly any Government which applies to the League, automatically becomes a full member of the Council and remains a member for all work done by the Council as a result of its application. It is true that all the various protocols embodying reconstruction plans contain a provision that the Council, in deciding any question of interpretation shall act by majority; nevertheless the Government of such a country always has the right to insist upon the full discussion of any such question by the Council. It could publicly register its protest against any majority decision to which it takes

objection. In practice this has never been necessary; and the mechanism of careful technical and political preparation and discussion has always worked so effectively that disagreement has been eliminated in the early stages and the Council has never had to take a majority decision on any question connected with the financial work of the League.

What has been the rôle of this body in that work? Formally it is the Council which carries public responsibility for all work done. Requests for technical assistance are addressed to it by Governments, and the Council authorises the Financial Committee to examine these requests and to give its opinion. The plans drawn up by the Committee are submitted to the Council for approval and are embodied in legal documents in which the Council is the final authority so far as League action is concerned. Thus, for instance, it is the Council which approves the Protocols whereby Governments are prepared to undertake certain public obligations upon which international loans have been based; which appoints trustees; which settles major disputes. Officials of the League associated with financial schemes are servants of the Council, which appoints them, fixes their remuneration and can dismiss them.

It will be seen that the formal responsibility of the Council is great; it lends to all the technical work prepared by other League organs the moral authority of the specific consent of fourteen Governments, among them five of the Great Powers of the world, and since the others are elected by the Assembly, it thus, in some measure, represents a general approval of the League of fifty-five States Members. The actual work of preparing detailed plans and following their execution has, however, fallen for the most part upon the Financial Committee.

One important variation must be mentioned here. In the first three reconstruction schemes (Austria, Hungary and Greece) the Council played a more direct part, partly because their adoption involved certain political difficulties which had to be solved. Accordingly sub-committees were set up consisting, apart from the representatives of the countries concerned, of representatives of Great Britain, France and Italy, and those of other Powers more immediately interested—in the Austrian case Czechoslovakia; in the Hungarian case Roumania, the Kingdom of the Serbs, Croats and Slovenes and Czechoslovakia. Their private meetings lent themselves to the kind of informal discussion in which political difficulties may be most easily overcome, and they successfully dealt with all the political questions which arose in the course of the preparation, and later of the execution of these three schemes without their having to be brought to the Council.

The system adopted for the division of work between the Council and its financial advisers has not been in all respects rigid; it has never been explicitly laid down, but has grown up gradually during the past decade as a matter of practice and precedent; and with some variations it has been used, and used successfully, for all the nine reconstruction schemes.

In the first place, from the point of view of the Council, it acts as a useful filter which only allows questions of such political importance to occupy its time and attention as cannot and ought not to be settled by anyone else.

Secondly, where necessary, the institution of special Council committees provide a machinery for private treatment of difficulties in an atmosphere of free discussion where divergent Governmental policies can be confronted and adjusted to each other.

Thirdly, where political questions are not so important as to require discussion by the Council or by a Council committee, they can very often be disposed of in the course of the technical discussions at the Financial Committee more easily than if they were treated in a political "atmosphere."

We have seen that while the Council always takes the ultimate formal responsibility for League action, and in certain cases has itself dealt with political issues, it is upon the Financial Committee that the main burden of the League's financial work has fallen. It is therefore important to understand exactly how this Committee is composed and what methods it has adopted.

The Financial Committee consists of 10 or 12 persons appointed for their technical capacity by the Council for an indefinite term of years from various countries in the world, so that the character of the Committee is international. Most of these persons are well-known bankers, including two or three high officials of central banks. They also include two or three high Treasury officials. Its members are not nominated by Governments, although in practice the Government of a country from which a new member of the Financial Committee is drawn is privately consulted. This distinction may seem to be a fine one; but in practice it has great importance. For it means that on the one hand each person so appointed is likely to be generally in touch with the main trend of policy in his country and to have the confidence of its public authorities; on the other hand, he is not a Government representative, he is not tied by instructions, but free, as an international official, to give his unfettered advice to the international authority which is his superior, i. e. the Council. He represents nothing, neither a Government, nor a bank, nor any other special interest. He is there to give disinterested advice. But being in touch with his Government or the financial circles from which he comes, he will, when recommending this or that course, in fact take into account their policies, as being among the factors which ultimately come into play. Not being a Government representative he is not bound to press a national policy vis-a-vis either his colleagues or any Government with whom the Committee is dealing. But he will rightly take such policies into account so far as they are relevant factors in the problem; otherwise his work would be stultified when it comes before the Council.

2. The Financial Committee

In such a position he is sometimes able to give his advice with greater freedom than if he were binding the Government of the country from which he comes, or the Directors of a bank. On the other hand he will be prudent

in not recommending a course which he knows is too far in advance of existing policies and practice.

A group of such persons in such a position, who have formed among themselves a tradition of harmonious and constructive work, who become conscious of a collective responsibility and of a kind of collective personality with an international reputation, is well equipped to discover solutions where some compromise is necessary. They will tend more and more to work dispassionately and objectively, and to direct their efforts solely to attaining the most equitable and efficient solution of any given problem.

The value of the permanent contact established in such bodies as the Financial Committee between national experts has been well established by a writer on international affairs. "They must," he says, "learn to know each other intimately, to feel out each other's minds, to gather from these continuous relations the ability to apply a sense of international need to the work of their own States. That involves, as Sir Arthur Salter has rightly insisted, the growth between officials of a confidence great enough to enable them to discuss policy frankly in its earlier stages, and before it has been formed and formulated in their respective countries. For, thereby, we avoid the danger of implicating in discussion the prestige of an administration; we prevent it from having to give way in the public view. We get the basis of a common decision reached before governments have committed themselves to one view or another. No officials, of course, can, or should, commit their respective countries; but when the margins of agreement are known, it becomes a far easier matter to settle the powers to be conferred upon officials who make the solutions in terms of principles of which the limits are fairly well defined. Meetings of governments then become official occasions sanctioning plans of which the outlines are already organised. And the plans so made may become instinct with a spirit of internationalism simply by the way in which officials, through their personal contact, have learned to realise and weigh other points of view."¹

Formally the Committee has no power of executive decision. It can only express its opinion to the Council, to the Governments and institutions with which it confers under the Council's authorisation, and to the League officials who have been appointed to carry out its financial plans and with whom it thus comes in contact. But the reputation of its members and their technical capacity has given weight to the recommendations of the Committee. They have always been unanimous, and in practice they have been adopted by the Council.

The Committee has met normally four times a year, usually at Geneva and for about a week, its sessions being so timed as to fall just before each quarterly meeting of the Council. But for special and pressing work it has on occasion held emergency meetings sometimes outside Geneva. It enjoys a considerable degree of autonomy, is master of its own procedure, and

¹ "A Grammar of Politics" by Prof. H. J. Laski, New Haven, Yale University Press; London, George Allen and Unwin Ltd. (p.618-19)

chooses its own president by annual rotation among its members. Its meetings have always been private, the records of any given meeting being only communicated to those present; and the secrecy of its transactions has been well preserved. Its reports, on the other hand, are normally published when they go to the Council; but on occasion it has submitted secret reports, communicated of course to the Government concerned, which is entitled to receive them as a full member of the Council. The Committee rarely votes; usually agreement is reached among the members by a process of discussion. If agreement is not reached it is the usual practice of the Committee that the minority should give way, so that the Committee may present a united front, though there is no binding rule or tradition to this effect. At the Council it is represented by its president, whose duty it is to represent the collective view of the Committee if any member of the Council asks for explanations of the Committee's report. Several members of the Committee of course belong to countries permanently or temporarily represented on the Council; and the collective reports of the Committee are supplemented in the course of private conversations between individual members and those representatives.

The Committee exercises a considerable discretion in conducting its work in collaboration with individual Governments, or with the Council's officers. Once it has obtained general authority from the Council to handle a given question it will, on its own initiative, conduct correspondence on points of detail with the Government or officials concerned.

A word must be said about one more of the League's permanent organs^{3.} The Secretariat which has played an essential part in the financial work, viz the Secretariat. This body of trained international officials prepares the work of all the organs of the League—Assembly, Council and technical committees. One branch of it, the Economic and Financial Section, is specialised in technical work. It consists of a Director, some nineteen or twenty administrative officers and the necessary clerical staff. Apart from its formal duties of collecting statistical and other information, preparing the records of meetings and drafting reports, its tasks and responsibilities are increased by the fact that the technical committees and the Council meet at comparatively long intervals, whereas the Secretariat is the only League organ which is always in function. While each technical committee has its own sphere of action, the Secretariat has an intimate knowledge of the whole range of the League's organisations and activities, and it has thus become the repository of tradition and precedent. It is consulted privately by the representatives of Governments before new financial work has been undertaken, and subsequently throughout its course. It usually drafts the reports, whether of the Financial Committee or of the Rapporteur to the Council. It prepares the draft resolutions of the Council itself. And throughout this work it is in constant touch with the Governments concerned in any particular piece of work and with the officers of the Council who are carrying it out in any given country. Its effective responsibilities depend upon its permanence, its experience,

its international character, and the opportunity it has of acquiring information through many personal contacts rather than upon any clear and precise definition.

Apart from these general activities, the Secretariat has of course been often formally responsible for definite parts of the financial work. Members of the Secretariat, either alone or in association with members of the Financial Committee, have gone in delegation to make preliminary enquires in countries seeking the League's advice on reconstruction. Hungary, Austria, Greece and Estonia all afford examples.

Two examples may be cited in particular. In September 1927, the Secretariat was requested by the Council to undertake with the Financial Committee an examination of the financial position of Bulgaria. In the same year the Greek Government requested (and the Council authorised) the Secretariat to make the examination of the financial position in Greece which was necessary before a reconstruction scheme could be drawn up. Indeed, in this case, the informal and quiet procedure of a visit by a few members of the Secretariat afforded the only means of obtaining the necessary information by a method agreeable to a Government which was preoccupied with a public opinion acutely apprehensive of the possible dangers of outside interference.

These three organs of the League, the Council, Financial Committee and Secretariat, constitute therefore the central and permanent mechanism through which the financial work has been done.

III. PREPARATION OF SCHEMES: PROCEDURE AND METHODS

How is that machinery set in motion? Between the moment when the possibility of financial reconstruction in any given country arises and the moment when the final scheme for carrying it through in association with the League is put into execution, it is possible, looking at past history, to distinguish the following five stages: (1) Private conversations; (2) formal request to the Council for enquiry and formal authorisation by the Council to proceed with it; (3) enquire in the country concerned; (4) discussion and negotiation at the Financial Committee, and (occasionally) at a special Committee of the Council; (5) final report of the Financial Committee, preparation of formal instruments (protocols, formal approval by the Council, ratification by the public authorities of the country concerned). These stages need not necessarily follow each other in the precise order given. But each stage has been gone through, in one form or another, for each of the League's reconstruction schemes. The following observations on each stage will show what has happened in the past and indicate the reasons for the procedure adopted.

1. Private Conversations

The League of course never embarks upon financial work in a country unless it is clearly and publicly established that this work is done at the desire and at the explicit request of the Government of the country concerned. The Council has neither the right nor the desire to interfere in the internal affairs

of States Members. A formal request by the Government concerned to the Council to give authority for work to be undertaken with the collaboration of the organs of the League is an indispensable and invariable prior condition to any action.

But before a Government will take such a step when an important piece of financial work or an important orientation of policy are involved, with possible far-reaching results, it will desire to make various preliminary soundings. Accordingly a formal request to the Council is usually preceded by a series of private conversations. It so happens that in the past it has always been known in advance that whatever form a reconstruction scheme might take, it would certainly have to include the issue of an international loan.

Representatives of the Government concerned have therefore privately discussed the possibilities of a loan with the Finance Ministers and bankers of important financial centres. There is among first-class issuing houses and the central bank of such centres a certain traditional degree of informal but effective organisation and consultation, and in most countries a certain co-ordination between the policies of the Government and Finance Ministry and Central bank; so that in such conversations they will obtain a general idea of market conditions. Soundings of this kind have often created or confirmed an impression that a loan would only be possible or, at least, would be very much cheaper if it were issued on the basis of a scheme drawn up with the collaboration of the League.

There are no official and publicly available records of such conversations, but they have in fact preceded each of the financial tasks undertaken by the League, with the results indicated.

Government representatives will also in such circumstances have private talks individually with some of the members of the Financial Committee in order to obtain some idea of whether the Committee is likely to view their association with a given task favourably, and what kind of association is likely to emerge. Again, a Government will wish to discover the political atmosphere in which its request to the Council will be received. A suggestion for financial reconstruction may often produce a political reaction, probably an important and immediate one from neighboring countries, a slighter reaction from the Governments of distant countries. Governments of either category can exercise an influence more or less great, on the League's action. It is therefore sometimes important for a Government to find out what is likely to be the attitude of some of these other Governments towards the possibility of League association in a scheme. Accordingly, in most cases the diplomatic representatives of the country concerned or members of its Government will have private conversations with the Prime Ministers and Foreign Secretaries of the so-called Great Powers and of any other Governments which may be specially interested. Again there is of course no record of such interviews, but it is publicly known that before the Austrian and Hungarian schemes were launched Monsieur Seipel and Count Bethlen, the two Prime Ministers, visited

some of the capitals of Europe and "prepared the ground." Similarly, a series of private conversations took place during a meeting of the Assembly between Count Bethlen and the representatives of Roumania, Czechoslovakia and the Serb-Croat-Slovene State which cleared up a number of long outstanding minor disputes between Hungary and her neighbours, and thus created the favourable political conditions which alone made any approach to the League practicable. Finally a Government so situated will often privately consult the Secretariat in order to be informed of League procedure and method and in general of any relevant factors in the problem of which the Secretariat from its central position is likely to be cognisant.

Often one or more members of the Secretariat have, on the invitation of the Government concerned, visited the country in order to obtain and convey information.

If a Government considers that the indications obtained in these ways are favourable, it next addresses its formal request to the Council.

**2. Formal
Request to
The Council**

Such requests have taken various forms. In the case of Austria the appeal of Austria herself was supplemented by a letter and the matter came up at the Council in the form of correspondence from the Supreme Council, as it was called, to the Austrian Government, forwarded to the League on its behalf. This letter stated that:

The representatives of the Allied Governments have agreed to a proposal that the Austrian situation should be referred to the League of Nations for investigation and report, the League being informed at the same time that, having regard to the heavy burdens already borne by the taxpayers of the Allied Powers, there is no prospect of further financial assistance to Austria from the Allied Powers unless the League were able to propose such a programme of reconstruction, containing definite guarantees that further subscriptions would produce substantial improvement and not be thrown away like those made in the past, as would induce financiers in our respective countries to come to the rescue of Austria.

At the meeting of the Council on September 6th, 1921, Monsieur Seipel, the Austrian Prime Minister, made a public appeal. He concluded with a grave warning that without assistance the condition of Austria constituted a serious danger to the peace of the world, which it was the duty of the League of Nations to examine and avert.

In this case therefore the action was taken by the League on the request not only of the country directly concerned but also of the countries which were interested in its fate. In one other case—Hungary—the League also acted on a collective request of this kind. Hungary asked the League's aid, and a collective request was made to the same effect by Hungary's neighbors, e. g. the Kingdom of the Serbs, Croats and Slovenes, and Roumania.

In every other case, a plain request by the Government concerned (after due preparation through private conversations as described above) sufficed.

Thus the Greek Government in 1923, basing itself upon a suggestion in a report by Dr. Nansen, the High Commissioner for Refugees, made a formal declaration at a meeting of the Council.

The Greek Government, being unable to cope with the situation with the financial resources at its disposal, considered that a loan was absolutely indispensable. It could only obtain this at a very high rate of interest if it relied on its own action alone. It therefore desired the moral support of the League for the success of its operations. The loan would amount to the sum of 10 million pounds sterling.

The Greek Government desired merely to obtain the moral support of the League and of Governments interested in the work being done. It, therefore, asked the Council to consider the proposal, and to send it for examination to the Financial Committee of the League.

The second Greek request came four years later. The 10 million loan of the Settlement scheme had not sufficed to finish the work. On June 14th, 1927, the Greek Finance Minister addressed to the Council the following letter, which shows how a request for League collaboration in a general scheme of financial reconstruction arose naturally out of the first plan for refugee settlement :

The Greek Government is desirous of bringing to a conclusion the work of refugee settlement which was undertaken under the auspices of the League of Nations, whose assistance has had such fruitful and happy results, and is firmly resolved to reform the financial situation as soon as possible; it would be glad to obtain the assistance and support of the League of Nations in this task. It would be impossible to continue the refugee settlement work with any hope of rapid and successful completion without concluding a supplementary loan abroad, and thus make it possible to adopt a far-reaching plan of systematic reform.

Financial reform necessitates currency stabilisation, and also the settlement of budget deficits from previous years. Again, these two objects could not be obtained without the conclusion of an external loan of a sufficient amount.

It would be possible to meet this three-fold requirement by a single loan intended to finish the settlement work, stabilise the currency and liquidate the deficits.

The Financial Committee has at its disposal all the necessary information, which has been obtained on the spot through competent members of the General Secretariat of the League of Nations, and in the course of the discussions which have taken place at Geneva between the Committee and the members of the Greek delegation.

The Greek Government would be glad if the Council would approve in principle a loan amounting to an effective sum of nine million pounds sterling and authorise the Financial Committee to give its assistance to Greece with a view to drawing up a complete plan of monetary and banking reorganization.

The Bulgarian refugee problem was raised in 1926 in a letter sent by the Bulgarian Minister in Switzerland on behalf of his Government to the Secretary General of the League. After summarising briefly the nature and extent of the problem, and why the limited economic and financial resources of the country were insufficient to deal with it thus making the issue of a loan under the auspices of the League a necessity, the Government urgently requested the Council to deal with this matter at its next session, and suggested that meanwhile "an official of the League should be sent to Bulgaria immediately in order to obtain information on the spot."

The Secretary-General, in his reply, while making it clear that it was "impossible to state before the Council meeting . . . whether the League can accept any responsibility whatever in connection with a scheme of the kind suggested," agreed to the Bulgarian suggestion of an immediate and private enquiry by a League official.

At the first meeting of its next session the Council asked the Financial Committee for a "preliminary report on the request of the Bulgarian Government" The Committee, which had had before it written and verbal information from the League official after his visit, reported within a few days summarising in general terms, the conditions "in which a loan should be practicable" and recommended the Council to declare "that it is prepared to associate itself with the scheme."

As with Greece, the financial reconstruction scheme in Bulgaria came before the Council as a natural consequence of the settlement work. After an interval of one year, it addressed a letter to the Council stating that "having settled with the valuable help of the League of Nations the serious and urgent problems of the settlement of refugees" the Bulgarian Government considers "the fixing of its finances on a firm basis as an essential step" It asked the Council to "instruct its organs to study a plan for the financial reconstruction of Bulgaria, through the issue of a foreign loan." The Bulgarian representative having explained at the Council meeting "that the Financial Committee and the organisation of the League could study the needs of Bulgaria on the spot" the Council adopted the proposal of its rapporteur "to undertake an examination of the financial position of Bulgaria."

This was a simple case for the Council, which authorised the work to be undertaken without obtaining preliminary information or a preliminary report defining general conditions. But of course private conversations of the kind described had taken place in this as in all the other cases.

On September 12th, 1924, the Estonian Government addressed a letter not to the Council but to the Financial Committee. It described briefly the finan-

cial position of the country, stated its wish to review the progress of its financial reconstruction, and proceed to the stabilisation of its currency on a gold basis, and with a view to accomplishing these steps more rapidly, asked the Committee to nominate two representatives as technical advisers.

The Committee could not proceed without Council authority. Accordingly the Estonian Government on the following day addressed the Council as follows:

I have the honour, on behalf of the Estonian Government, which is anxious to procure an authoritative opinion on the financial and currency position of Estonia, to request you to be so good as to ask the Council, at a private meeting, to invite the Financial Committee of the League of Nations to accord me a hearing on this question and to proceed to study the matter with a view to giving the desired opinion.

Thereupon two members of the Secretariat visited Estonia as representatives of the Financial Committee and made a general report which was sent to the Council and published by its direction. On this occasion the Council took the following public resolution:

The Council notes with satisfaction that informal co-operation has been established between the Financial Committee and the Estonian Government in the form of advice to be given to this Government at its request with regard to the banking and financial policy of the country.

When two years later, in 1926, the Estonian Government asked the Financial Committee for further financial advice, the Council authority given in 1924 was considered sufficient to enable the Committee to take up the question and draw up a scheme of Banking and Currency Reform involving the issue of a loan, the final scheme being of course publicly approved by the Council.

The case of Danzig is surrounded by circumstances so special that it is of no general interest in considering League procedure and methods. The Free City being placed under the peculiar tutelage of the League, was assisted by the Financial Committee to reorganise its finances and obtain two loans, one for the Free City itself, another for the Municipality, the procedure being at each stage approved by the Council, in the ordinary course of the discharge of the League's special responsibility in this case.

The stage which we have now described and analysed is that which brings the formal authorisation by the Council for the study of a scheme under the League's auspices; actual approval by the Council of the scheme itself comes of course at a later stage. It will be observed that the methods adopted in this stage have varied widely; but the following general comments suggest themselves as applicable to all the work hitherto done.

(i) At some point or other the Council has always taken a decision auth-

orising the League organs to be associated with a scheme. Such decisions have always been preceded by private conversations and in some cases by preliminary reports indicating the general financial situation of the country concerned and the general conditions which would have to form part of a scheme, and which are accepted in one form or another before the Council by the representative of the Governments concerned. In other cases such preliminary reports have been unnecessary.

(ii) The Government of the country directly concerned always sits as a full member, as also other Governments whom the Council regards as specially interested.

(iii) These decisions are almost always taken in public. On one occasion, however, such a decision has been taken at a private session and there is no binding rule in the matter; but public communication of decision is always in practice made at an appropriate, and usually an early, stage.

(iv) The Council only acts at the explicit request of the Government immediately concerned and with the approval of any other Governments which the Council regards as specially interested.

(v) These decisions are not a mere constitutional formality. They have a practical and political importance. For the public association of the League with the preparation of a scheme, means that it cannot then be abandoned without some loss of prestige and reputation to the League and its organs. Hence in certain cases, as described under (i) above, it has been necessary before such a decision was taken, to ascertain that the Government immediately concerned is aware of the normal development of a financial scheme. For in seeking and obtaining publicly the association of League organs, for the preparation of a scheme, particularly when the issue of a loan on the basis of the scheme is contemplated, it enters upon a path of subsequent abandonment of which would be likely to have some effect on its general credit position.

3. Enquiries

The next stage, according to our analysis, which we have to consider is that of "enquiry on the spot." This stage sometimes precedes (Bulgarian first loan, Greek second scheme) and more often follows (Austria, Hungary, Estonia, Bulgarian second scheme, Greek first scheme) the formal association of the League with the preparation of a scheme. Sometimes (Austria, Hungary) it even follows the formal approval by the Council of a completed scheme and is specifically included in the formal international agreement or protocol in which the plan is embodied. The procedure depends upon circumstances, e. g. whether or not there is a clear *a priori* case for financial reconstruction, or even upon whether the need is so urgent that it becomes desirable to postpone detailed enquires and hasten the putting into execution of a plan. The important point is that enquires in the country concerned of one kind or another and at one stage or another have always been necessary. They fall naturally into two categories, first those undertaken more or less informally by League officials or the Members of the Secretariat, and sec-

only those which entail the formal visit of a delegation of the Financial Committee and Secretariat.

Informal and semi-private methods of obtaining information have played an important and sometimes an essential part in the financial reconstruction work of the League. They have been used with considerable elasticity. In some cases the information obtained has been published, in others not, the procedure adopted depending upon the circumstances of the case, among which the wishes of the Government directly concerned plays the principle rôle. They afford a convenient method of obtaining information without the publicity which necessarily attends a formal visit from a delegation of the Financial Committee, and which may frequently be undesirable. Officials of the Secretariat have always been afforded peculiar facilities by the Government of the country concerned, for they are probably already known through other work which they have done at Geneva. They are chosen for each mission in such a way that their nationality may not offend susceptibilities; they are regarded as trained by their experience in an international organisation to discretion and impartiality; more important they come as disinterested persons solely concerned to obtain information for a common enterprise in which the government is equally concerned with the other governments of the League, and not as representing any particular government or private interest.

(a) Informal

On five separate occasions formal delegations appointed either by the Council or by the Financial Committee with the authorisation of the Council have visited countries in which financial reconstruction work has been carried out.

(b) Delegations

In 1921 the Financial Committee, which had been requested by the Supreme Council of the Allies to consider the restoration of Austrian finances, sent a delegation to Vienna consisting of M. Avenol, Sir Drummond Drummond Fraser, M. Gluckstadt, two of whom were members of the Financial Committee. The delegation remained in Vienna from April 15th to May 10th. The technical details of its report, which was approved by the Council of the League of Nations and forwarded to the Supreme Council, and which included a far-reaching and detailed scheme of reconstruction, are not our concern. Moreover the plan was never put into operation because the negotiations with many Governments for the indispensable release of the reparation lien were difficult and protracted.

A year and a half later, when the Austrian problem had become even more acute and after a reconstruction plan had been approved by the Austrian Government and by the Council, a second delegation visited Vienna. The status of this delegation was defined in Article 2 of the last of the three Protocols in which the scheme had been embodied.

The Austrian Government will, within one month, in collaboration either with the Commissioner-General, whose findings form the subject of paragraph 4 below, or such provisional delegation of the Council of the League of Nations as may be appointed for the pur-

pose, draw up a programme of reforms and improvements to be realised by stages, and designed to enable Austria to re-establish a permanent equilibrium of her budget within two years, the general outline of which is defined in the report of the Financial Committee It should further enable Austria to assure her financial stability on a permanent basis by a series of measures leading to general economic reforms.

This was therefore a delegation of the Council and not of the Financial Committee. It was in fact composed of seven members of that Committee. The force of circumstances and some delay in the appointment of the Commissioner-General compelled it to take a wider responsibility than the mere elaboration of a programme. It arrived in Vienna on October 18th, 1922, and one or more of its members or of the Secretariat remained in Vienna until the Commissioner General arrived two months later. It not only performed its main task of drawing up a scheme of budget reform and the statutes of an independant central bank, it saw that the necessary legislation was prepared, and was present in Vienna while the passage of the legislation through parliament was negotiated between the Government and opposition parties. It advised the Austrian Government in many of the most pressing treasury difficulties, in circumstances where the Treasury was at times almost empty. It was in the midst of the daily and almost hourly preoccupations of a hand to mouth existence that the Government and the delegation addressed themselves to their main task of translating into practical measures the Geneva Agreement, and of giving it legal effect in Austria. The report of this delegation has been published, and we need only refer here to certain points in its procedure which illustrate the general methods of the League.

On the technical side, the members of the delegation collectively and individually and the members of the Secretariat who accompanied them, were of course throughout in close touch with the Chancellor, the Minister of Finance, with the ministers responsible for the main spending departments (railways and posts, army, commerce, agriculture, social administration, justice, and war) and with the chief officials of the departments under those ministers. It discussed plans for the reduction of expenditure and obtained the agreement of the Government to make this reduction both more substantial and more speedy.

This plan was not published until the legislation conferring full powers on the government had been passed.

With regard to the increase of revenue, the delegation took the standpoint that so long as the ultimate result of budget equilibrium was reached on a fixed basis, which did not as a whole seem impossible, it was for the Austrian Government and not for them to decide what particular form of taxation should be introduced. Whatever the views of the individual members of the delegation with regard to individual tax proposals might be, it was felt that a pronouncement on their part on the merits or demerits of a particular tax

would involve them in political questions in Austria from which they were most anxious to keep remote. Moreover, the Delegation abstained from expressing an opinion upon the particular items of expenditure which might be reduced, but concerned itself solely with the total budget figures

The circumstances in which a formal delegation of the Council, also consisting of members of the Financial Committee (six in number) visited Hungary in 1924, are so similar to the Austrian case that it is not necessary to describe the work of this mission in detail. Its duties were substantially the same, except that the political situation presented fewer difficulties, and it was not necessary for the delegation to take the same direct responsibility in assisting the Government to tide over immediate financial difficulties. It remained in Hungary for nearly three weeks, and its report has been published. Nevertheless the following points of procedure and method may be noted.

On its arrival, the delegation was received by the Head of the State, and one passage in the declaration of its chairman on this occasion which was published in the press, gives some indication of the attitude of the delegation.

I should like, on behalf of my colleagues and myself to say something of the spirit in which we pursue our task. Hungary is a Member of the League and we are here not as representatives of particular Governments but in accordance with the principle which governs the technical work of the League, as impartial experts, servants of the League, whose business it is to place such knowledge and experience as we may have at the service of your Government.

Soon after its arrival the delegation interviewed the press, described the main features of the plans and the *raison d'être* of the reforms recommended. The chairman of the delegation made the following appeal:

I wish to remind the press—both the Budapest and the provincial press—that they can do a great deal to help along the plan of reform by enlightening public opinion, and we trust they will contribute their share in the work of co-operation which forms the very basis of the plan.

At the conclusion of this address the delegation answered questions. On the day before its departure, it again interviewed the press.

As in the case of Austria, the delegation negotiated directly not only with the Prime Minister and the Finance Minister, but with all the ministers in charge of spending departments, and, in agreement with the government, it interviewed personally the heads of all the political parties, prominent bankers, industrialists, etc. It was of course directly in touch with the authorities of the central bank.

The status of these two delegations of the Council, in Austria and Hungary, is somewhat different from that of the two other delegations which visited, one Austria in 1924, and another Bulgaria in 1927. For, within the

limits of the plan previously drawn up and approved, the two earlier missions had received power from the Council to negotiate with the Governments concerned and take decisions approving certain measures which morally committed if they did not legally bind the Council of the League. Their decisions affected such important matters as the legislative measures to be taken in execution of the Protocols, and these measures were passed through the respective parliaments after the approval of the delegations had been given and before the reports of the delegations on their mission were submitted to the Council. The laws thus approved provided the legal basis for the entire reconstruction work. Once they had been passed it would have been very difficult to annul or amend them; and to this reason a special responsibility rested upon these two delegations.

In September 1927 the Financial Committee sent a delegation consisting of five or six members to Bulgaria, to examine, with the help of members of the League Secretariat, the financial situation. This course was decided by the Committee in agreement with the Bulgarian Government, and after a general decision had been taken by the Council "to ask the Financial Committee and the Secretariat to undertake an examination of the financial position of Bulgaria." It was not a delegation of the Council and it had no formal powers and instructions. The delegations interviewed a number of parliamentary leaders and members of the Cabinet, and while its formal task was confined to obtaining information it in fact agreed provisionally with the Government upon the main lines of a scheme which was afterwards adopted by the Financial Committee in Geneva and embodied in that committee's report which recommended the Bulgarian Stabilisation Scheme.

The delegation of seven members of the Financial Committee which it sent to Vienna in 1924 with the approval of the Council, had a somewhat different purpose. Its main task was also to obtain information, but not with the object of drawing up a plan but rather in order to enable the Financial Committee to decide on what date it should recommend the Council to bring the execution of the Austrian plan to an end. The period of two years contemplated in the Austrian Protocols had come to a conclusion, the budget had been stabilised, but at a considerably higher level than the one which had been agreed upon; the economic, as distinct from the financial, position of Austria had given rise to grave anxiety; there had been a serious crisis in the previous year on the Stock Exchange. In these circumstances the question arose whether it was not desirable to continue in agreement with the Austrian Government the association of the League in the execution of the scheme for some longer period and in an attenuated and transitional form. After some discussion at Geneva it was thought that a further enquiry was desirable, and it was in these circumstances and of course again in agreement with the Austrian Government that the delegation was sent. The information which it obtained enabled the Financial Committee in its next report to the Council to include a definite recommendation for bringing the Austrian

reconstruction plan to a conclusion on the basis of an agreement between the Austrian Government and the Financial Committee. That report contains one passage regarding the procedure of the delegation:

The Delegation immediately established contact with the Austrian Government, and, in order to examine the position in all its aspects, it set up five sub-committees.

These sub-committees, or the Delegations as a whole, interviewed not only Government representatives and higher officials but also the Chairman of the Administrative Council and the Managing Board of the Federal Railways; the Chairman, General Manager and Adviser of the National Bank, and delegations representing leading economic bodies and associations—finance, commerce, industry, labour and agriculture. We wish to express our gratitude for all the information communicated to the Delegates, both verbally and in writing, which has enabled us to gain as accurate an idea of the situation as could be formed.

We have thus seen how, on five occasions, League delegations have visited countries in which reconstruction work was contemplated or had been undertaken. On two of these occasions they were invested with large powers to speak on behalf of the Council and its behalf to agree to important decisions on the basis of undertakings contained in the Protocol previously signed. On others, their rôle was rather to obtain information and carry out preliminary and provisional negotiations. On each occasion however, they were more important and possessed greater power and responsibility than that enjoyed by League representatives on the occasion of private visits already described. Their presence was known to the public, with which they entered into contact by public announcements to the representatives of the press. Its members, individually and collectively, were also in personal contact with members of the government, leaders of political parties and the leading representatives in industry, commerce, etc. They thus exercised an influence in reinforcing the reform policy of the Government concerned, sometimes in difficult circumstances, viz., when general obligations undertaken at Geneva and involving unpopular sacrifices for every section of the Community had to be translated into practical terms. Even when delegations went, not on behalf of the Council but in order to obtain information for the Financial Committee, their task was not confined merely to obtaining facts about the economic and financial situation. They afforded a means of explaining to the Government concerned the views and policy of the Financial Committee and of the Council, and of bringing back to Geneva the views of the Government and an impression of the state of public opinion, thus creating a basis on which comprised agreements could, when necessary, be reached. The personal contacts thus established played a part in establishing the harmonious relations which have been the rule between the members of the Council and

the members of the Financial Committee on the one hand, and the authorities in the reconstructed country on the other throughout financial work.

The delegations were always international in their composition, and their members came as technical advisers of the Council and under instructions from the Council as a whole (including of course as always, the representative of the country they visited) and not under instructions from their individual Governments. As such they were welcomed and received every facility.

4. Discussion at Financial Committee

We shall now see a reconstruction plan enter the phase of definite negotiation with the Financial Committee. The process of preliminary enquiry has been described in some detail; if this next stage is treated more summarily it is not because that stage is less important, but because procedure and method are here more uniform, and there is therefore less need to consider variations of detail in individual cases.

Indeed in some respects this stage has been decisive. The understandings reached in agreement between the Government concerned and the Financial Committee have always received the unanimous approval of the Council without change. Its work has embraced the whole of any given plan in all its technical details—a definition of the task to be undertaken, the methods by which it is pursued, the time within which it is to be completed, the amount of the loan required, how it is to be secured, and the manner in which the League is to be associated with the execution of the plan.

In carrying out these negotiations at Geneva, the Committee has been accustomed to deal directly and exclusively with responsible members of the Government in power, the Prime Minister or Foreign Minister or Finance Minister—sometimes all three—and with the authorities of the Central Bank, the Governor or Deputy-governor. In contrast to the procedure of some of the delegations it has never at Geneva made a practice of interviewing leaders of political parties, other than the one in power, or private individuals representing industry, commerce, etc. Usually the same minister who has conducted the main negotiations with the Financial Committee has also represented his Government as member of the Council; and this arrangement, which was not consecrated by formal rules of any kind, has obvious advantages.

Starting with a sound basis of established fact, provided by the information secured through preliminary visits to the country concerned, the Committee is usually faced with a problem which is both technical and semi-political. No sharp distinction is possible between these two aspects, and if they are treated separately in the following account, it must be understood that the distinction is in a sense artificial and introduced only for the sake of clearness.

On the technical side, an analysis of each plan in detail would lead beyond the range of our subject matter, and we shall confine ourselves to describing in general terms the main elements of the kind of problem which the Committee has been asked to solve.

It is possible to attack a disorganization of public finances in many ways. In fact, the starting point which the Financial Committee have usually chosen has been the depreciation of the currency. *How can this currency be stabilised on a gold basis?* That was in effect and in its simplest form the first, the most insistent question. The rest followed naturally. There must be a central bank with a secured independence, an adequate gold or foreign exchange reserve, and a free exchange market. But it is impossible to stabilise the currency without dealing with the budget situation if there are deficits. How can the budget be made to balance permanently? Clearly by reducing expenditure through administrative reforms, and increasing revenue by more adequate processes of collection, a more judicious incidence of taxation, etc. During these reforms how are budget deficits to be covered and how can the bank be provided with an adequate reserve? By obtaining a loan. How can a loan be obtained in view of the impaired credit of the country? By creating the necessary confidence, by demonstrating that the reconstruction scheme has been carefully and prudently worked out on a basis of information impartially obtained and objectively weighed and presented to the public, that with the association of the League it will in fact be carried out, and that, once carried out, it will attain its object, i. e. restore the financial condition of the country and thus place it in a position independently to meet its obligations. Moreover with the restoration of confidence, capital will return to the country and there is likely, after the painful period of financial adjustment which always follows as a reaction from the artificial stimulus of monetary inflation, to be a genuine economic revival.

This crude statement of the kind of "philosophy" which lies behind the reconstruction schemes, ignores, of course, an infinity of technical detail and a number of by-paths into which the Committee was forced to go by the special circumstances of individual cases. Thus, for instance, in Bulgaria, the position of the Agricultural Central Co-operative Banks as well as that of the Central Bank was an important factor requiring close examination. In Austria and in Bulgaria the railways, in Greece, the centralisation of public accounts, required special examination.

Before the financial reconstruction schemes in Austria, Hungary, Bulgaria and Greece could be successfully launched, it was necessary formally or informally to settle outstanding difficulties arising from each country's indebtedness, whether such indebtedness took the form of debts between governments (reparation, war debts, relief credits) or of loans from private bondholders to the Government concerned, the service of which had been suspended with the result that the way was not clear for the issue of a new public loan.

Apart from financial reconstruction schemes the Committee dealt of course with two special problems, namely the Refugee Settlement schemes in Greece and Bulgaria. In each case financial reconstruction came up, as has been shown, at a later stage and as a separate problem. A general consider-

ation of public finances only entered into the refugee problem in so far as it was necessary to obtain general information as a basis for the issue of a refugee loan. The work of the Financial Committee really consisted in agreeing with the Government upon the specific objects upon which the money was to be spent and the organisation and administrative arrangements appropriate to this purpose.

Apart from this technical work, the Committee has had to address itself to certain political difficulties, the general nature of which has already been indicated. Thus, for instance, in connection with the Bulgarian Refugee Loan, it was necessary to arrive at an arrangement agreed between the Bulgarian Government and the representatives of certain contiguous States as to certain zones from which certain categories of refugees should be excluded on political grounds. Similarly the construction of the railways in Bulgaria raised questions in which those same neighbouring countries were interested.

But most of the semi-political work of the Committee has been connected with making arrangements for the association of the League in the execution of a given scheme. This association has taken many forms, each of which will be described and discussed in detail later.

The conclusions of the Financial Committee have always been embodied in a report addressed to the Council of the League. These reports contain the main outlines of each plan in ordinary language. They are not in the appropriate form in which the Government of the country concerned can assume the formal international undertakings, essential as a legal basis for the scheme, for the association of the Council with it, and for the issue of a loan. Accordingly each plan was translated into legal terms in the form of a Protocol to be signed by the Government. For the first two reconstruction schemes (Austria and Hungary) these Protocols were prepared by the Legal and Financial Sections of the Secretariat on the basis of the Financial Committee's report, and submitted directly to the respective Council committees, and through them to the Council itself. In all later cases, however, the Committee itself took a direct interest in these instruments, approved them, and submitted them to the Council, the report of the Financial Committee being attached as an annex.

**5. Approved
by Council:
Ratification**

At this point a scheme enters upon the final stage before it is actually carried into execution, namely, the formal approval by the Council, signature by the Government, ratification in the country concerned. An appropriate political atmosphere has been created by the negotiations of a political protocol, when necessary, or by private conversations. The Council has before it a considered scheme drawn up by the Financial Committee in agreement with the interested Government, a legal Protocol defining the obligations of that Government and awaiting its signature; either or both documents may contain provisions for action to be taken by the Council and responsibilities to be assumed by it.

The Council's approval is always given in the form of a resolution, and

one typical example (the resolution of the Council adopted on September 15th, 1927) in connection with the Greek Stabilisation Scheme will suffice to illustrate the character of that approval:

The Council:

Takes note of the fifteenth quarterly report of the Greek Refugee Settlement Commission; Approves and adopts the report of the Financial Committee;

Approves the Protocol submitted to the Greek Government for signature, together with its annexes; Approves in particular the scheme drawn up to enable Greece to continue the settlement of the refugees, to balance finally its budget and to stabilise its currency;

Expresses the hope that the issue of the loan will be crowned with success and will allow the Greek Government to bring to a satisfactory conclusion the work it has undertaken in co-operation with the League of Nations.

These resolutions are taken at a public meeting. There is no discussion beyond a possible one or two short complimentary speeches. Thus frequently a document which has been the subject of months of previous work and which will form the basis of years of future work of far-reaching effect, will pass through the Council in the space of a quarter of an hour. This is of course due to the fact that each scheme has been minutely prepared and discussed during the previous stages described above, and that the members of the Council and the Governments they represent have been kept informed at every stage of this process, whether by the collective reports of the Financial Committee or through private information given by its members.

Immediately after a Protocol has been approved by the Council it is signed by the representative of the Government concerned "duly authorised for the purpose." Each Protocol contains an article providing for its ratification. The following, taken from the Bulgarian Protocol of 1926, is typical:

This Protocol shall be ratified by Bulgaria and the ratification shall be deposited at the Secretariat of the League of Nations as soon as possible, and in any case not later than one month from the date of its approval by the Council of the League of Nations.

In faith whereof, the undersigned, duly authorised for the purpose, has signed the present Protocol, done at Geneva in a single copy on the eighth day of September nineteen hundred and twenty-six, which shall be deposited with the Secretariat of the League of Nations and be registered by it without delay.

It is not necessary to analyse in detail the formalities required for ratification. They vary in different countries, but usually include a vote by parliament, signature on behalf of the Government, counter signature by the Head of the State and publication in the Official Gazette. When this last formality

has been concluded and the instruments of ratification have been deposited with the Secretariat of the League, the Protocol has the status of a full international instrument carrying binding obligations.

IV. EXECUTION OF SCHEMES: VARIOUS FORMS OF LEAGUE ASSOCIATION

1. General Considerations

We must now examine how these plans have been executed, and in particular what various forms the association of the League with that execution has taken. We shall best understand the arrangements made for associating the League in the execution of these schemes if we consider for a moment the main condition to which they have had to conform if they are to be practicable.

(i) Since the issue of a loan under the auspices of the League is involved, and since it is one of the objects of the Government concerned in coming to the League to obtain this loan as cheaply as possible, the plan and the arrangements for its execution must be such as, consistently with the other main conditions, to command the confidence of issuing houses and of the investing public. The association of the League in the execution of the plan has become desirable, as being one of the most important factors in producing the necessary confidence in making financial centres willing to take up the bonds of a loan on terms more favourable to the Government than they would otherwise have been.

(ii) The varying extent to which the credit of the country has been impaired has been a factor in determining the degree of responsibility assumed by the League in its execution. Accordingly the arrangements made, the powers and duties of League officials, have been different in each case.

(iii) The Council and the Financial Committee, as its advisers, have assumed in every one of these schemes serious responsibilities to many different parties. They have a general responsibility, in the first place, to the Assembly and to the public the world over for seeing that international obligations entered into with their knowledge and approval can and will be carried out. The failure of such a scheme would in any case impair the reputation of the League, and in the early days would have done incalculable harm. They have further special responsibilities; first to the government and country which have, in some sense, based their immediate financial plans upon the League's advice and assistance; secondly to investors in loans issued under the auspices of the League who have subscribed on the understanding that the council, its advisers and officials have approved the scheme and have therefore assumed some moral responsibility for it, and will moreover be associated with its execution under specific provisions; and thirdly to such governments and other international authorities as may have given up valid claims in the belief that the plan would be carried out. Hence the provisions regarding the execution of any scheme must include such arrangements that the Council is in a position effectively to discharge these various responsibilities.

(iv) It must be such that as in its preparation so in its execution, as in

its intention so also in its practical application, it is international in character ; that it serves no exclusive interest whether national, political or financial.

(v) Finally, and most important of all, it must be acceptable to the Government of the country concerned and to the large mass of public opinion in that country, so that it may be protected from becoming an issue in the strife of party or faction. It must be freely entered into in its preparation, and, subject to the necessities created by the above conditions, freely executed. The association of the League must be reduced to a minimum, and adapted to the circumstances of the case and the wishes of the country, expressed in the course of the negotiations preceding the adoption of the plan. Any other course would be alien to the spirit and intention of the Covenant, inconsistent with the policy and practice of the Council, and incompatible with its powers.

It cannot be too strongly emphasised that these general conditions and the consequent practical arrangements depend upon the wishes of the Government which in turn are often conditioned by the state of the country and the strength of its credit. Hence arrangements have varied widely and the association of the League has been more or less close according as the state of financial disorganisation of the country, and therefore the necessity of creating confidence, and therefore again the responsibility of the League have been greater or less. In reading the analytical description which follows, it must be constantly borne in mind that the arrangements made to satisfy these conditions, namely the powers and duties of the types of organisation and official have also varied widely and have been reduced or increased and always adapted to the exigencies of the case. In accordance with the method adopted, we shall here speak in general of League Commissioners. For instance, the powers of the Commissioner for Bulgaria have been small as compared to those which were necessary and appropriate in the case of the Commissioner-General for Austria. In general it may be said that the closeness of the League's association has markedly diminished because it so happens that the countries which have addressed themselves to the League lately have enjoyed better credit and greater stability than those which addressed themselves in earlier years. Austria's condition was desperate, Hungary's was very serious. Bulgaria and Greece, on the other hand, were faced, in their refugee problems, with difficulties which were potential rather than actual sources of danger ; and their later financial difficulties were far less serious than in previous cases. The Estonian currency reform was merely the final stage in a process of reconstruction already advanced. It is obvious that similar arrangements would have been quite unsuitable if applied indiscriminately and invariably to all and each. The reader must therefore be patient to understand and discern that just as there is no League technique of reconstruction, so in matters of organisation and administration there has been, behind a certain uniformity of type, a great diversity of power and function ; there is no rigid method which has been or ever can be invariably applied as *the* League method, no

standardised type of official or organisation which can be called *the* League type.

The association of the League has been effected partly through its standing organs, the Council and the Financial Committee, partly through special officers of the League (commissioners and their staffs), partly through the nomination of persons not definitely as League officials, but as financial advisers and trustees, partly again through persons entrusted with definite and limited tasks, such as members of the Financial Committee who approve on behalf of the Committee the conditions and terms of loans, and experts appointed to make special enquiries on technical questions; and finally by the creation of special bodies representing outside interests.

2. The Council

Let us examine each of these types in turn. In the first place all the Protocols contain a clause stating that "any difference as to the interpretation of this Protocol shall be settled by the Council of the League of Nations. All decisions to be taken by the Council in execution of this Protocol shall be taken by a majority vote."

It is the Council who decides when the work may be regarded as finished and the League's immediate responsibility for it and association with it shall terminate. The following is a typical clause taken from the Hungarian Protocol of 1924:

The functions of the Commissioner-General shall be brought to an end by a decision of the Council of the League of Nations when the Council should have ascertained that the financial stability of Hungary is assured.

Or, again, in the case of the Refugee Settlement Scheme (Article XIX of the Organic Statutes of the Settlement Commission):

The Refugee Settlement Commission may be dissolved when, in the opinion of the Council of the League of Nations, acting if need be on a majority vote, its services are no longer required.

Under the Austrian and Hungarian, but not under Greek financial reconstruction schemes, the Council has the power to renew the association of the League if the financial situation "... has become such that the equilibrium of the budget . . . or the continued value of the revenues or assets assigned for the service of the loan are in danger."*

This right belongs to the Council under the Hungarian scheme throughout the currency of the loan, and under the Austrian scheme for ten years after the original plan had been carried out.

Under the Hungarian Protocol the Council would take such a decision, if necessary by a majority vote, under the Austrian plan by a three-quarter majority vote, Austria abstaining. In the Hungarian, Greek, Estonian and both Bulgarian Protocols a clause was inserted whereby if the revenues as-

* Hungarian Protocol.

signed for the service of the loan fall below 150% of the sum required, further revenues could be called for by the trustees (or in the case of Greece, by the International Financial Commission); but under the Hungarian, Greek and Estonian Protocols the Government had a right of appeal to the Council which is given powers of final decision as to whether the revenues have in fact fallen below the percentage required. Moreover, under the Hungarian, Bulgarian (Financial Reconstruction), Estonian, Greek and Bulgarian (Refugee Settlement) Protocols, the Council has the right to decide appeals by the Government concerned against the decision of trustees exercised under various powers, the most important of which is illustrated in the following typical clause taken from the Bulgarian 1928 Protocol:

The Bulgarian Government will not take any measures which, in the opinion of the trustees, would be such as to diminish the aggregate value of the revenues mentioned in paragraph (1) to such an extent as to threaten the securities of the bondholders.

In the *General Bonds* signed by the Government concerned and the issuing houses for the Austrian, Hungarian and Bulgarian loans, a clause was inserted giving the Council powers of interpretation. The following taken from the General Bond of the Bulgarian Loan of 1928 is typical:

In case and so often as any question shall arise concerning the meaning of these presents such question shall be referred to the Council of the League of Nations, and the decision of the said Council or of such person or persons as the Council may appoint to decide the question shall be binding on all parties concerned. Where necessary to give effect to the present clause, decisions shall be taken by majority vote.

Such a clause if and when applied, places the Council of course in an arbitral position to decide all difficulties which may arise as between the Government on the one hand and the bankers and bondholders on the other out of the issue or service of the loan.*

Moreover, the Council under the Protocols was empowered to appoint or nominate various officials with duties to be described in detail later, who represented the League and carried its association into effect for periods varying from two or three years (commissioners, financial advisers) to the entire currency of the loan (trustees).

Apart from these general duties, arrangements were made under each scheme for the transmission to the Council of monthly, quarterly or annual reports to the Council by the League officers, and in some cases by the Government, reviewing the work done. Their appearance on the agenda of the Council at regular intervals places it in a position, if necessity arises, to exer-

* It should be observed that instruments containing such clauses have never been formally transmitted to the Council or approved by it. Presumably, however, the Council would discharge the duties there contemplated as in some cases at any rate the clause was examined and approved by members of the Financial Committee.

cise an influence over the reconstruction scheme as it proceeds, and keeps the members of the Council regularly informed of what is going on.

3. The Financial Committee

It will be seen that the responsibilities connected with the League's association in the execution of financial reconstruction work are centred on the Council, but, as in the period of preparation of the schemes, so during their execution, most of the detailed work has been discharged by the Financial Committee, as advisers to the Council; for the Council acts on the Financial Committee's advice. In order to illustrate this let us take an instance. There appears on the agenda of the Council the following typical item.

- Settlement of Bulgarian Refugees. (1) Report by the Commissioner.
(2) Report by the Financial Committee.

Let us trace the history of this item. The Bulgarian Government, as has been seen, has co-operated with the Financial Committee in preparing a reconstruction scheme, which has been approved by the Council and ratified and under which (in this particular case) various officials had to be appointed—a commissioner to follow the work in Bulgaria, trustees to represent the interests of the bondholders of a loan which is to be issued. These persons were formally appointed by the Council, the Financial Committee suggesting the names of suitable persons. The Commissioner makes a report every three months; this report is addressed to the Council, and therefore the subject comes to be one of the typical items on the Council's agenda. But before it goes to the Council, it is sent to the Financial Committee. It is that Committee which examines it in detail, hears and discusses the observations of the Bulgarian Government and of the Commissioner. Almost always more or less important questions arise out of the current work. The Financial Committee will give its opinion upon them to the Government and the Commissioner; and the great majority of questions are settled in this way. The Committee then sends to the Council a brief report on the questions discussed, and apart from this it will normally conclude that no question arises out of the Committee's quarterly report which requires a decision by the Council. If there is an unsettled question involving considerable political issues or any point to which the Bulgarian Government or the Committee or the Commissioner desire that particular emphasis should be given publicly or privately by the Council, the Committee will include in their report recommendations.

When the report comes before the Council, there the representative of the Bulgarian Government sits as a full member for this question; the President of the Financial Committee, and the Commissioner, attend, not as members, but in case any member of the Council wants further explanations. The Council know that all questions arising out of the work of the last three months will have been fully discussed at the Financial Committee by all the authorities immediately concerned. They also have before them, in addition to the report of the Committee, and the advice of the Financial Committee, a brief report by one of their own members who has been appointed rapporteur for the year on all financial matters.

We now pass to the category of officials appointed by the Council and acting as its officers with powers and duties carefully defined in the Protocols, where such officials are required. These are the League Commissioners. Five such posts have been created during the past ten years, viz., a Commissioner-General each in Austria and Hungary, a Commissioner in Bulgaria, who was first associated with the settlement work and afterwards with the work under the subsequent financial reconstruction scheme, and two Commissioners in Greece, namely the President and Vice-President of the Refugee Settlement Commission. We shall treat the first three of these posts together, reserving the position of the Greek Commissioners for separate treatment, as it presents special features. It is true, however, of all these officials that they carried the immediate burden of the League's responsibility. They were all appointed by and were responsible to the Council, which fixed their salaries and their tenure of office. They were empowered to appoint a small staff of foreign persons to assist them, but the budget of the Commissariat was communicated to the Council and Financial Committee, and approved by them. They were chosen from such nationalities that they would not be exposed to the suspicion or temptation of exploiting special interests. They have been precluded from holding any other office while in the service of the League, and it has been understood that during their tenure they should not engage in any other work or be connected with any undertaking in a manner which would be inconsistent with their position and duties. They have always been granted diplomatic privileges by the Governments concerned.

The posts of Commissioner in Austria, Hungary and Bulgaria were created to last throughout the period of reconstruction. In Austria, it was contemplated in the original plan that this period would last for two years, but in the circumstances already described (see pages 34 and 35) it was decided that during a further period of six months the association of the League and the powers and duties of the Commissioner-General should be gradually reduced until they disappeared altogether. In Hungary the period contemplated under the plan was two years, and at the end of this time the post was suppressed by the Council. In Bulgaria under the first Refugee Settlement Protocol of 1926, the Commissioner was appointed until the Council should decide that his services were no longer required "but in no case before the proceeds of the Settlement Loan have been expended for the purpose contemplated." And under the second Bulgarian Protocol of 1928, he was given further duties to continue "until the Council has specified that his services are no longer required" for the purpose specified under certain articles of the Protocol, the net effect being that the post is suppressed as soon as the proceeds of the loan have been expended.

What then were in general the powers of these three Commissioners? In the first place it should be understood that they did not themselves do any administrative work. It is an important feature of all the League schemes that this was done entirely by the Government concerned, and its own depart-

ments and organisations. Essentially the Commissioner's task was to act in an advisory capacity to the Government with a watching brief, with certain powers of approval and with certain other powers, which gave him an influence, but one which could only be exercised if the plan agreed to by the Government and Parliament was not being carried out.

Thus, for instance, all the proceeds of any reconstruction loan were paid into an account in his name, and amounts could only be released from this account to the Government for expenditure with his consent. The necessity for this consent thus placed him in the position of being able to assure himself that the money was in fact being spent upon the objects contemplated but it did not of course entitle him to withhold this money if it were being so spent. Further, during his tenure of office all the revenues assigned for the service of the loan were similarly paid into an account which he alone could control and from which he alone could release sums to the Government.

Under the Austrian and Hungarian, but not under the Bulgarian, plans, the Commissioner-General was entitled to withhold all payments from this account if the reform plan was not being carried out in accordance with the undertakings of the Government. So long as the plan was being carried out in accordance with the programme laid down, he merely retained every month one-twelfth of the annual sum required for the service of the loan, and reimbursed the balance to the Government at once. Under all three plans the Commissioners were bound to block the account and make good out of it any default on the service of the loan. At the end of the reconstruction period, when the post of Commissioner is suppressed, these accounts pass to the trustees until the loan is repaid.

In all three cases, the Government undertook to give the Commissioner every facility in the execution of his task and all information concerning the work contemplated in the Protocol.

In addition to these general powers, each Commissioner had certain special powers appropriate to the circumstances in each case.

Thus, in the Austrian case, the Commissioner had power to decide if revenues other than those originally contemplated were necessary as security for the loan, and to agree with the Government what those assets should be. He could veto any measure likely in his opinion to diminish the value of such assets, and any change in the rates producing these revenues in such a way as to reduce that yield below the minimum expressed in gold as ascertained at the moment of the issue of the loan. He was also entitled *inter alia* to require such modifications and improvements as might increase the productivity of these revenues. But it was expressly provided that "if the Austrian Government considers that the Commissioner-General has abused his authority it may appeal to the Council of the League of Nations" and it is significant that the necessity for exercising any one of the special powers described above never arose.

Under the Hungarian Protocol the special powers of the Commissioner were substantially the same.

Under the first Bulgarian Protocol (1926) for the Settlement of Refugees, the duty of the Commissioner was to release the proceeds of the loan only for certain defined purposes, including supplies in kind, housing of refugees, drainage and reclamation of land to be used for settlement, improvements in communications for the same purpose, in exceptional cases loans in cash to refugees, and finally "such other purposes connected with the settlement of refugees on the land as the Commission may approve." The Government undertook to create a centralised organisation for dealing with the refugee problem "to the satisfaction of the Commissioner." This organisation was to draw up a general plan of settlement which required the Commissioner's approval. It was expressly provided that "all plans for expenditure out of the Settlement Loan shall be drawn up and executed by the organisation . . . subject to the approval of the Commissioner. He shall release money from the settlement accounts only for purposes approved by him, and he may at any time refuse to release money from the Settlement account if he is not satisfied that monies previously released have been expended in accordance with his authorisation." His approval was required for determining as suitable the land required for agricultural settlement, and no refugee could be settled unless the Commissioner had received a certificate from the Bulgarian Government showing that the persons settled were genuine refugees willing to become Bulgarian nationals.

Under the Bulgarian Stabilisation Scheme (1928) the proceeds of the loan were to be used for a number of purposes, namely for the repayment of certain advances and State debts to the National Bank, for the provision of new working capital for the agricultural and co-operative banks, for liquidating certain budget arrears for constructing certain roads and railways, and finally a small sum for giving assistance in connection with damage caused by recent earthquakes. No special duties were assigned to the Commissioner, but the fact that the entire proceeds of the loan were put into an account by him and that nothing could be released from this account unless he was satisfied that it was to be spent upon the objects contemplated in the scheme in conformity with detailed plans approved by him, associated him closely with the execution of the entire scheme.

The first Settlement Scheme has now been in operation for three years, the second Scheme for one year. The Commissioner has on no occasion had to contemplate withholding any part of the loan in order to assert his rights, nor has any Government wished to exercise its right of appeal to the Council in the event of any abuse of his authority by one of these officers.

The Greek Refugee Settlement question presented certain difficulties which made it impossible to deal with the situation on the same general lines as had been followed in the financial reconstruction plans. It was a matter of carrying out a vast piece of administrative work, namely settling as quickly

as possible over a million persons (or about a quarter of the population) on over 500,000 hectares of land, and administering property worth nearly £20 million sterling. The refugees were to be settled on productive work and it was desirable that the land on which they were settled and the repayments which they would make of money advanced to them should go to strengthen the securities which the Greek Government made available out of its other revenues as security for the loan. In these circumstances it seemed necessary to create some body corporate capable of holding and administering property over a considerable period, while it was gradually passing to the refugees. It was obvious that the Greek Government must be associated with this institution, but that on any large question of policy advisers of the League must be decisively associated in the decision. It was also obvious that in view of the magnitude of the task and the political difficulties which might arise, it was necessary to protect such an institution so far as possible from internal political vicissitudes. Accordingly an autonomous settlement commission was set up consisting of four members, two appointed by the Greek Government and two by the Council of the League of Nations, the latter being respectively Chairman and Vice-Chairman of the Commission, and the Chairman having a casting vote.

The Commission was a legal person, "competent to sue and be sued in its own name, to hold and alienate property of all kinds, and generally to perform any acts which can be performed by a corporation possessing full legal personality." It was expressly provided that it should not be "dependent upon any Greek executive or administrative authority." Its object was "to promote the establishment of refugees in productive work either upon the land or otherwise in Greece." It was to hold in full ownership the land provided by the Greek Government. It could sell it to the refugees or settle them as tenants. It was to receive and apply for settlement purposes the proceeds of the Settlement Loan, but it had nothing to do with the Greek revenues assigned as a security of the loan. These were handled by an International Financial Commission which had been in existence in Greece for several decades, having been established by certain governments after a previous default. This body had for many years controlled the collection of a large part of the revenues of Greece applying them to the interest on outstanding loans and then paying the balance back to the Greek Government. It need not concern us further here. It is not a League institution and its existence merely provided a convenient mechanism for securing the service of the Settlement Loan instead of establishing the special procedure of payment of assigned revenues into an account in the name of a Commissioner or Trustees as described in other cases.

It was provided that the Refugee Settlement Commission should be dissolved when in the opinion of the Council of the League of Nations "its services are no longer required," subject to the establishment of certain arrangements for handing over the assets of the Commission on the completion of its

work to the International Financial Commission. It makes a report every three months to the Greek Government and to the Council of the League, and the statutes of the Commission provide that the Council, acting if need be by a majority vote, shall have the right to "consider the reports of the Commission and to take such action thereon as it may consider proper." The Council, "acting if need be by a majority vote, may, at any time, enquire, by such method as it determines, into the manner in which the Refugee Settlement Commission is discharging its functions."

Considering the many points on which it touched the internal political life of the country, and above all, the constant political vicissitudes, including the establishment of a dictatorship, to which Greece has been exposed during the Commission's tenure, its work has proceeded with astonishing smoothness and effectiveness. It should be realised of course that the vast bulk of the work has been done entirely by a Greek staff of over 2,000 officials, and that the association of the League has never involved the association of more than three foreigners at any given moment. Probably the institution devised was the best, and indeed the only one which could act with sufficient initiative and despatch to deal efficiently with the needs of so great and urgent a problem.

In connection with the Danzig, Estonian and second Greek Financial Reconstruction Schemes, no Commissioners were appointed. The association of the League was effected partly through trustees, and partly through the nomination of financial advisers to the Central Bank. In this connection it must be emphasized that the association of the League does not necessarily imply the appointment of any foreigner resident in the country. Thus, for instance, in the case of Danzig the only association of the League was through a trustee who, living abroad and acting through the local bank of issue, determined with the Government the precise objects upon which the proceeds of the loan should be spent within the general framework of the scheme drawn up at Geneva.

Indeed, although the League has hitherto usually accepted some responsibility for securing that a scheme is carried out, this does not necessarily preclude the possibility of its giving advice only, without accepting such subsequent responsibility.

The next type of association which we have to consider is that which is effected through financial advisers. Such posts have been created in connection with five schemes, namely the Austrian, Hungarian, Bulgarian, Greek and Estonian Reconstruction Schemes. These advisers have been appointed not by the Council but by the Government on the nomination either of the Commissioner-General (Austria and Hungary) or of the Council itself (Bulgaria and Estonia). Their salaries were fixed by the Board of Directors in agreement either with the Council or the Commissioner-General. Each adviser was required to give an undertaking either directly to the head of the State or in writing "to perform his duties faithfully in the interests of the Bank and in conformity with its statutes and to preserve secrecy with regard to

5. Financial Advisers

the business of the Bank." Provisions were inserted in the statutes of the Bank and approved by the Financial Committee defining their duties and powers. It was there provided that he should always receive from the President, Manager and all employees all assistance in their power, as well as all information or documents which he might require. Except in the case of Greece, where no formal powers were conferred on the Adviser, provisions for their appointment and a statement of their duties and limited rights were included in the Statutes of the Central Bank, which were drawn up by the Financial Committee in agreement with the Government, presented by the latter to Parliament, and ratified by it. In the case of Austria and Hungary the Adviser had certain specific powers of suspension or veto over decisions affecting certain determined points, and it was provided that if he was of opinion that a decision taken by the Board of Management was contrary to the statutes, he was entitled to carry that decision to the Board of Directors. If he thought that the decision of the Board of Directors or of a general meeting of shareholders was contrary to the statutes, he could exercise a suspensive veto, and in the absence of agreement between the Board of Directors and himself the matter was to be settled finally by the Commissioner-General of the League. In the cases of Bulgaria and Estonia no specific powers of veto were inserted, and in the general clause regarding differences between the Adviser and the Board of Management, or the Board of Directors (which followed the general lines of the Austrian and Hungarian provisions as described above) the final decision rested with the President of the highest judicial court in the country.

These posts were created for specified and limited periods ranging from 2 to 3 years, at the end of which all the powers and duties of the adviser ceased and his post was automatically abolished. But for Austria and Hungary, it was provided that in the event of League association being renewed, an adviser to the Bank would again be appointed.

It is not possible to describe and analyse here in detail the nature and effect of the legal powers conferred by statutes upon advisers. In practice they have never been brought into play. They have always been fully informed and in a position to advise upon every aspect of the policy and activity of the central banks concerned. They have frequently accompanied the Governor or Deputy-Governor to Geneva on the occasion of the quarterly progress reports on the work of financial reconstruction, and have thus come closely in contact with the Financial Committee, to whom they have communicated freely such information as they thought desirable (consistently of course with respect for the secret transactions of the bank) and have, in return, received advice. The intention and effect of their association with the League, can perhaps be best indicated by quoting from one of the reports of the Financial Committee a general statement of that Committee's views as to the functions of a central bank in a financial reconstruction scheme.

"The Committee confines itself to recalling in general terms the main

principles which have been found valuable to secure the satisfactory operation of a Central Bank of Issue, on which the responsibility for maintaining a stable value of the currency falls. These include: (a) the independence of the Bank, (b) the sole right of note issue, (c) the limitation of the Bank's operations to loan and discount transactions of a short-term and self-liquidating character, (d) the reduction of the State debt to the Bank and the well-defined limitation of new advances to the State, (e) the centralisation of the money transactions of the State and of State enterprises in the National Bank, (f) the provision of adequate and appropriate cover for a unified note issue."

The appointment of advisers and the powers conferred upon them had no other object than to support these principles by technical advice and reinforce their translation into practice.

In the case of Greece, no formal provision for the appointment of an adviser was inserted in the Protocol, and no specific or general provisions are contained in the statutes of the bank. But arrangements were privately made between the Greek Government and the Financial Committee before the latter recommended the financial stabilisation scheme, for the appointment of an adviser by the Bank of Issue on the advice of the Committee. Without any formal stipulations beyond a private contract between the individual suggested by the Financial Committee and the Bank, an adviser has in fact carried out substantially the same functions as are described above, and with the same intention and effect.

It will be observed that the position of all these advisers is essentially different from that of the Commissioners. They are not, in the first instance, officers or servants of the League; on the contrary, they were officers of the Bank by whom they were paid. Apart from giving advice their duties vis-à-vis the League organisations are rather those of liaison officer; and, beyond this, if the principles adopted by the Government and the bank and embodied in the statutes are not being carried out, to carry the points of difference raised to some arbitral authority which was in some cases provided by the League, but in others by the highest judicial authority of the country concerned.

In all cases except Greece where their appointment was rendered unnecessary by the existence of the International Financial Commission, trustees, who represent the interests of the bondholders, have been appointed by the Council, whether acting in pursuance of a clause in the Protocol or, in the Austrian scheme, under the General Bond negotiated between the Government and the issuing banks. They have usually been three in number for each of the larger loans and one or two in the case of smaller loans. Usually one or two members of the Financial Committee have been appointed by the Council to act, sometimes with outside persons. Trustees may be removed at any time by resolution of the Council, which also has power to appoint in its discretion additional trustees. Their remuneration has been fixed at 100

6. Trustees

guineas a year. Apart from the minor or current duties which fall upon them, e.g. in constituting reserve funds, transmitting interest payments on due dates, managing the assigned revenues account after the reconstruction schemes are concluded, retaining the amounts necessary for the service of the loan and automatically reimbursing the balance to the government, and, in Danzig and Estonia, liberating the proceeds of loans, the main powers of the trustees arise if and when a default occurs. As this is the kind of situation in which international difficulties arise between borrowing governments and lending bondholders and their governments, it is worth while examining somewhat closely how these have worked under the League reconstruction schemes.

As has already been stated in connection with the Council's powers (see page 50) if the assigned revenues fall below a certain level the trustees are empowered to call for additional revenues to be assigned, but the Government has a right of appeal to the Council, whose decision is final on the question of fact whether or not the revenues have fallen below the prescribed level. In the Hungarian, Bulgarian and Estonian schemes the powers of the Commissioner-General to veto any measures which would be such as to diminish the value of the assigned revenues so as to threaten the security of the bondholders passes at the end of the reconstruction scheme and during the period of repayment of the loan (which varies from 18 to 38 years) to the trustees. But the Government has the right of appeal to the Council against any decision of the trustees under this provision.

Under the Protocols or the General Bonds the trustees have had the power, in the event of an actual default occurring, to make it good out of the entire assigned revenues (amounting at the time of the issue of the loan to anything between two and six times the amount required for annual service).

It is important to note here that in every case, the trustees' rights have been carefully defined and limited, whether rights which exist before or may arise after default. In neither case have they any right approximating to that of foreclosure. They can call on the Government to take certain specified acts. If the Government is unable, or refuses to take these acts, the trustees are not empowered to invoke the aid of the Governments of the bondholders whom they represent. Their actions are amenable to appeal to the Council which has powers of binding decision as the body interpreting the Protocols and General Bonds and in virtue of special clauses.

In no event can the trustees interfere with the internal administration of the country and themselves collect or administer revenues. The whole system is such that in the event of default, the Governments of the interested bondholders do not become entitled to take separate action; only the authority of the Council and the use of the League machinery is permitted.

**7. Approval
of Loan
Conditions**

In most of the reconstruction protocols a clause was inserted, of which the following taken from the 1928 Bulgarian Protocol is a typical example:

The conditions of the loan, the method of issue, the issue price, the rate of interest, the amortisation, and the expenses of issue, of negotiation and of delivery shall be submitted for approval on behalf of the Financial Committee of the League of Nations to a person or persons appointed by the Committee for this purpose; the amount of the annuity necessary for the service of interest and amortisation of the loan shall likewise be so approved. He shall also approve the terms of reference to the League of Nations in any prospectus of the loan.

The necessity for such a clause was suggested to the Financial Committee by experience derived from the earlier loans. While the main responsibility and the initiative for negotiating the loan fell on the borrowing Government, its object was to give the Financial Committee some influence in ensuring, solely in the interests of the borrowing Government and of the success of the scheme, that the loan operation should conform to the following conditions:

(a) The loan must be international and floated on several markets, otherwise the danger is accentuated that exclusive national interests may arise.

(b) The issuing houses must be of first-class capacity and reputation; for inferior houses, though on paper they may offer better terms, will not make the contribution which an issuing house alone can make in maintaining the credit of the borrowing country on the markets.

(c) The presumably somewhat weakened position of the borrowing Government must not be exploited in order to procure for the issuing bankers or the bondholders terms unfair to the Government.

(d) There must not be inserted in the loan contracts or instrument agreed between the Government and the bankers any provision which is not in conformity with the Protocols approved by the Council, and in particular no stipulation giving the bondholders rights going beyond those contemplated (e.g., in connection with the trustees, the treatment of assigned securities) in those Protocols.

(e) Statements made in presenting the loan to the public, e.g., in the prospectus, must accurately describe the association of the League with the scheme and the degree of responsibility involved, so that the potential subscriber may not be misled into supposing that that responsibility is greater or less than it actually is in any given case.

It will be observed that behind the association of the League in approving the conditions of issue of an international loan lies a most important principle. It is that once the League's approval has been given to a loan operation, that operation may not in any way unfairly prejudice the interests of the borrowing Government or give rise to the assertion of special interests.

In the case of Austria and Hungary special committees were set up. Austria's credit was so weakened that no loan could be floated unless it was supported by the guarantees of other Governments. Accordingly in various per-

centages, nine Governments in fact agreed to guarantee the service of the loan in the event of a default. Their representatives were formed into a Committee, whose constitution, powers and procedure were defined in a published Protocol. Their powers as regards the security assigned for the service of the loan, but not of course as regards the execution of the scheme, run in general parallel to those conferred upon the Commissioner General; and the Committee had the right to address any observations or make any representations to the Commissioner-General which it recognised to be necessary to safeguard the interests of the guarantor Governments.

In the case of Hungary, it was provided in the Protocol that the Reparation Commission should be entitled to appoint a Committee with the function of watching "that no prejudice is caused to the rights of the Reparation Commission." The Committee was entitled to receive information relevant to the purposes for which it had been created, to make representations to the Commissioner General and to address such observations as it might think fit to the Council of the League of Nations. It had in fact a watching brief, and nothing more.

9. Special Enquiries

On various occasions one or other of the Governments concerned requested the Financial Committee to suggest and, in some cases to nominate, experts to conduct enquiries in connection with special technical difficulties which had arisen in the course of the execution of reconstruction schemes. Thus, for instance, well-known economists, such as M.M. Layton and Rist in the case of Austria, and Prof. Allyn Young and M. Frère in the case of Hungary, were invited by the Commissioner-General to report to the Government upon the economic as distinct from the financial situation of the country. Sir William Ackworth in Austria and M. Regnault in Bulgaria, reported to the Austrian Government and the Commissioner General upon the situation of the railways and recommended certain reforms. The Austrian tobacco monopoly was specially examined by an Italian expert and the post office administration by a Belgian expert.

10. Conclusion

We have now described in some detail the various forms which association of the League in financial reconstruction work has taken. Before passing on, two general comments suggest themselves:

(i) In the first place, it will be obvious that any estimate of the legal rights exercised or the practical influence brought to bear in each case through these various types of official or institution individually or collectively would require a careful analysis of each scheme as a whole; and this method has been deliberately avoided. It is sufficient to remind the reader once more that the powers exercised by each type of official or institution have varied widely according to the requirements of the case (mainly determined, as has been said, by the degree of disorganisation of the country's finances) and to illustrate this by pointing a single contrast.

In the Austrian case where internal financial disorganisation was extreme and public confidence had almost disappeared, the full apparatus of League

association was arranged—a Commissioner-General with wide though always limited powers, a special committee again with wide though limited powers representing the interests of the Guaranteeing governments, a bank adviser with special powers of veto, power for the Council to renew the association of the League, the visit of no less than three formal delegations, four special enquiries. This presents one extreme. The other extreme is the Greek Financial Stabilisation Scheme. This was devised for a country the credit of which was in comparison sound, with very little financial disorganisation, with a budget almost balanced and only some treasury arrears to pay off, and whose problem really came down to a reform of the central bank and a stabilisation of the currency. In this case, therefore, we find no Commissioner-General, an attenuated trusteeship operating through a mechanism already existing, no delegation, no special enquiries, the whole plan based merely on a semi-private and informal visit of members of the Secretariat, the appointment of an adviser to the bank, with no specified powers under an informal agreement with the Financial Committee.

All the other major schemes may be said to fall between these two extremes, and there is no case which does not present various adjustments and adaptations to suit special requirements.

(ii) But, secondly, whatever these variations the aim in every case has been to make the association of the League such that it would affect as little as possible the normal powers of governments and administration; that it should last as short a time as possible; that it should run the minimum risk of creating friction; that so far as possible the rights and duties of officials and institutions should be limited strictly to the degree necessary for the successful execution of the task assigned to each; that special and national interests should so far as possible be excluded, and that in execution as in intention the plan should be a piece of international work carried out in the first instance in the interest of one State Member of the League whose future had become a matter of common concern.

V. EFFECT ON POLITICAL STANDING

These considerations lead naturally to the question—often asked and some times warmly debated—how far the association of the League has affected the sovereignty, autonomy or, more simply, the independence of a State, or (a different matter) the freedom of action of a Government, or (again a different matter) how far it has operated to suspend the normal action of a parliamentary system.

It would take us too far to analyse from the angle of international law or of the municipal constitutional laws involved, the legal aspects of this question in the light of historical precedents. Nor, for reasons which will appear later, is the legal approach to this question entirely appropriate. The following notes are an attempt not to answer it but to set forth some of the considerations in the light of which a judgment can be formed.

(i) The signature by a government of one of the financial protocols containing its undertakings is of course freely given; together with its ratification by parliament in accordance with domestic constitutional law it is a free act of sovereignty. Moreover the League organs have attempted to ensure that the acceptance of each plan and of the association of the League with it should be so far as possible a national act.

(ii) Thus it may be said that the mere signature and ratification of a financial protocol has no more legally impaired its sovereignty and independence than has the signature of any other international engagement freely entered into.

(iii) But, it may be said, this is not merely a question of the signature of a contract but of what is contained in that contract, of what rights are "signed away" thereby. Let us analyse the position from this point of view. It is clear, in the first place, that the countries concerned have of course retained ordinary attributes of a sovereign State, e.g., their general treaty-making powers, the jurisdiction of their courts. Their situation is, for instance, fundamentally different from that of Egypt at the present time in relation to Great Britain. But it may be said in the case of Austria and Hungary at least, there must have been some special element or it would not have been legally necessary in Austria to alter the existing constitution and in both countries politically necessary to create a special parliamentary committee to advise the Government in exercising its full powers. This, however, was a measure which in no sense limited the independence of the State in relation to other countries. It was directed to creating an internal political organisation rendered necessary by the fact that the rule of parliament was suspended for a period and only in certain limited respects by the free consent of that parliament itself in order to place the Government of the country in a position to carry out the reform scheme.

(iv) It is impossible to judge this question without taking into account both the nature of the League of Nations and the manner in which its association has been carried out. It has already been shown that, in so far as by that association the Government has undertaken to accept that certain rights and duties shall be conferred on individuals and organisations and that they shall perform certain acts, those rights and duties are limited in practice as regards their *duration*, subject only to certain provisions in certain cases for the renewal of the association of the League; in *character* since they were exercised strictly within the limits of a programme freely accepted by government and parliament; and limited in practical *extent* since the mechanism was so devised that very few persons (never more than five or six in number) were present in the country. And the whole system has worked so smoothly that not a single one of the officials or organisations described has ever had to use a single one of the powers of veto or interference conferred upon it.

(v) And if certain safeguards have been included which temporarily and to an extent strictly defined have limited government action in certain

respects, there have also been inherent in the whole system counterbalancing safeguards which positively and definitely protect the independence of the country concerned. The sole object of each scheme was to restore or contribute to the restoration of the independence of the country.

(vi) It is important in judging this matter to put to oneself the question—"What would probably have happened if countries concerned had not come to the League?" It is possible that the bankers would have imposed conditions or asserted paper rights going (in any case in the event of default) beyond those included in the League schemes, and only differing from the latter in that in the event of default they would have been more difficult to enforce; and the loans would have been more expensive. The real difference would be that under such a contract a government can perhaps more easily repudiate its obligations than under the League system. But in the interests of all it is desirable that contracts should be such that they run the minimum risk of being repudiated. And here it becomes relevant to consider what sometimes happens when loans based on ill-considered plans are negotiated directly between governments and private lenders. (It is not suggested of course that all or most directly negotiated plans fall into this category.)

The plan in such a case has not been prepared on either side, on an impartial prudent basis designed to attain the permanent restoration of the countries' finances. On the one side the banker wishes to get the highest interest and the maximum security. The Government requires money at once to get it over its immediate difficulties. Such a plan is more likely to break down. The Government is again in difficulties. It defaults. One of two things happen. It repudiates its obligations and bondholders lose money. Or else the bondholders and bankers move their Government to intervene by force and extract payment or step in and administer the finances of the country. Such things have happened constantly in the Balkans, the Middle East, South America, and the Far East. Either event is clearly regrettable. The plan should be so prudently prepared that it will *not* break down, that it can and will be carried out, and that thereafter a country is completely independent. It should be such that if by any chance it does break down while obligations are outstanding, there is no use of force, no foreclosure, no right acquired morally or legally by any individual government to step in in the interest of its nationals, but only the resumption of a mechanism which will again restore the country to a situation in which it can resume its obligations—first in its own interest, then in the interest of its creditors, but above all in the interest of the international society. To create such conditions has been the aim of the League plans and the end to which all its methods have been adapted.

(vii) Moreover behind the association of the League there lies a deep-seated principle. Financial reconstruction and the international lending involved should not be regarded as being primarily a means of procuring a high interest and security for bondholders. The desire to obtain such interest is one, but only one, of the factors which come into play. It is action which, in

the first place, should be directed to the interest of the country concerned. But it is not only the concern of that country or its government. By reason of the League's existence and by virtue of its methods financial reconstruction becomes a common task carried out in the interests not of one country but of the order and peace of the society of States.

(viii) The existence, constitution and methods of the League have created a new situation in which a legal approach on classical lines to this question of independence is invalidated. This has been explained by a well-known authority on international relations*—himself a lawyer—and we cannot do better than sum up this part of our study by quoting his words:

“What effect does the international financial assistance which we have been considering produce on the political standing of a State? . . . It is indisputable that the economic solidarity of the modern world has been emphasised in connection not only with Austria and Hungary, but also with Greece and Bulgaria, by the events which we have briefly reviewed. For it is the fact of international economic interdependence which invites, or rather necessitates, international financial aid. In the case of the countries to whom loans have been granted under the auspices of the League, events have translated this interdependence into political arrangements, so made it visible and even conspicuous to the most casual observer. . .

“It is the intervention of the League which has given to all these arrangements their main interest for the international lawyer and to the student of international relations. Guaranteed foreign loans, and still more foreign loans without external guarantee, are no novelty in international affairs, nor is it a novelty that creditors of nations should be given a security on national assets and control over their administration. What is new is the recognition that arrangements of this kind may be put under the authority of an organisation representative, in aspiration at least, of all the nations of the world which have attained to any civilisation, and that a central body, acting, it is true, by persuasion rather than by force, may discharge in the community of nations administrative functions not wholly unlike those which in a national community are frequently committed to an administrative tribunal. . . .

“In fact, what the governing forces of the League of Nations did, proceeded necessarily and inevitably as a normal development of the international situation

“In these matters we are studying contemporary facts. We have little or no occasion to refer to authorities, whether classical or contemporary, of international law; we work *a posteriori*; we look at things that come out from the workshop and not from the study; we observe what is passing in the world and see, and, if we can, register the development, the evolution, of the rules which modern conditions now impose upon the relations of States. This evolution, this development—let us be free from any illusions on this point—

* Chapters on current international law and the League of Nations by Sir John Fischer Williams, K. C., Longmans, Green & Co., London, 1929, pp. 407-411.

is not primarily the work of international jurists as such, but of statesmen and financiers who are seeking the practical solutions of the problems of the present day.

“Two principal tendencies may be observed. On the one hand financiers with a sound and practical realism instinctively assimilate the business which they do with States to the business which they do with individuals. On the other hand, a somewhat sensitive public opinion in a reaction—which might sometimes be called emotional—against the underlying facts of the situation, has a tendency to revolt against a procedure which might be represented as affecting the independent character and the historical memories of a State. It would, perhaps, have been impossible to reconcile these two tendencies, if the same crisis in which the difficulty arose had not also given birth to a new international organism which proved capable of meeting contemporary and related necessities. Under the influence of this organism the human race is gradually developing a new financial and international technique, and we are seeing—or perhaps it would be more accurate to say we shall see—the establishment of the appropriate legal rules.”

VI. CONCLUDING NOTE

In setting out the above considerations, the kind of case which has involved the most responsibility for the League, i.e., Austria and Hungary, has been kept in mind. It is necessary to emphasise again in conclusion that the degree of responsibility varies indefinitely with the case. There have been some cases in which the association of the League has been of a very slight character; and the League might even, if its constituent member States so decide, give “advice” only to a country on its request and in an appropriate instance, without accepting responsibility for the action subsequently taken.

It has been thought well to add this remark in case it should be inferred from specific instances of past action, that action in future cases must be limited to these precedents. The object of this memorandum is however not in any way to forecast the future but only to record and analyse past experience. In this connection the comments made by Sir Arthur Salter at the end of his general survey of the Austrian Reconstruction Scheme* still hold good:

“One other misunderstanding needs removing. This similarity in the two principal pieces of financial work undertaken by the League has sometimes suggested that the particular system of control adopted in Austria and in Hungary is the League system, necessarily applicable in all cases in which League assistance is asked. This is an unwarranted conclusion from two instances. The particular system then applied was chosen because it was considered appropriate to the particular conditions of these two problems. In fact, however, the League has associated its credit with a loan for economic development of a constructive character for Danzig on conditions which

* “The Financial Reconstruction of Austria: General Survey and Principal Documents.” Publication of the League of Nations. Geneva. 1926.

secure only the expenditure of the money upon the agreed objects with the possibility of an accounting control of the securities of the loan. It has given financial advice to Estonia without instituting any kind of control. The Greek and Bulgarian refugee loans, again, are associated with a control of expenditure and of assigned revenues without any control of the general State finances. The conditions must necessarily vary with the character and circumstances of the particular problem. The methods hitherto adopted constitute only the guiding experience, not a binding precedent, for any new case that may present itself."

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THE SETTLEMENT OF GREEK REFUGEES: Scheme for an International Loan. Protocol arranged by the League of Nations and signed at Geneva on September 29th, 1923, amended by the Additional Act signed at Geneva on September 19th, 1924. With the relevant documents and public statements, including the Statutes of the Refugees Settlement Commission. (C.524.M.187.1924.II) 1/3 \$0.30

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The most important subject dealt with is the new Greek Stabilisation and Refugee Loan Scheme, upon which there is a full report, together with the Draft Protocol proposed by the Committee, and the drafts of the Agreement between the Hellenic Government and the National Bank of Greece and the statutes of the New Bank of Issue in Greece—these having been agreed between the Committee and the Greek Government, and being designed to effect the stabilisation of Greek currency.

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GREEK LOAN. Resolution adopted by the Eighth Assembly on September 22nd, 1927 (morning). (Adopted on the proposal of the Second Committee). (French and English texts). (A.96.1927.II.64). 1d. \$0.02

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9. GENERAL

(1) MEMORANDUM ON DOUBLE TAXATION by Sir Basil P. Blackett, K.C.B., C.B. (2) NOTE ON THE EFFECT OF DOUBLE TAXATION UPON THE PLACING OF INVESTMENTS ABROAD, prepared for and circulated by Sir Basil P. Blackett, K.C.B., C.B. (E. F. S. 16/A. 16. 1921).	4/- \$0.80
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REPORT ON DOUBLE TAXATION, submitted to the Financial Committee by Professors Bruins, Einaudi, Seligman and Sir Josiah Stamp. (E.F.S. 73/F.19).	2/- \$0.50
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DOUBLE TAXATION AND TAX EVASION. Report and Resolutions submitted by the Technical Experts to the Financial Committee of the League of Nations. (C.115.M.55.1925.II). (F.212).	1/6 \$0.40
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The technical experts, who are senior officials of the financial administrations of Belgium, France, Great Britain, Italy, Holland, Switzerland and Czechoslovakia, were requested by the Financial Committee of the League of Nations to study the problems of double taxation and tax evasion from the administrative and practical points of view. The present report to the Financial Committee contains the "Resolutions" of these experts, together with a commentary.

This pamphlet contains the results of the first attempts to deal with the problem of fiscal evasion by a body of international experts. On the question of double taxation, it also contains definite proposals and takes into account all the previous work done on the subject. (International Chamber of Commerce.—Report of MM. Bruins, Einaudi, Seligman and Sir Josiah Stamp to the Financial Committee.)

DOUBLE TAXATION AND TAX EVASION. Report presented by the Committee of Technical Experts on Double Taxation and Tax Evasion. (C.216. M.85.1927.II.40).	1/3 \$0.30
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A list containing the titles of a certain number of multigraphed documents relating to Double Taxation and Fiscal Evasion, at the price of 6d. (\$0.10) per copy, can be obtained from the Publication Department of the League of Nations, Geneva.

BULGARIAN STABILISATION LOAN. Protocol and Annexes approved by the Council of the League of Nations and signed on behalf of the Bulgarian Government on March 10th, 1928, with the Relevant Public Documents. (C.338.M.96.1928.II.32) (F.547). 57 pp.	2/- \$0.50
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This document includes the Protocol signed by the Bulgarian Minister of Finance concerning a loan for the stabilisation of Bulgarian currency. It also contains a report by an expert on the improvement of means of communication in Bulgaria, the amendments to the Statutes of the Bank of Bulgaria and the Protocol signed by the Bulgarian Government and the Sofia Inter-Allied Commission on September 24th, 1928, and approved on October 6th, 1928, by the Reparation Commission.

ECONOMIC COMMITTEE.—Report to the Council on the Work of the Twenty-sixth session, held at Geneva from October 23rd to 30th, 1928. (C.558.M. 177.1928.II.48). 6 pp.	6d. \$0.10
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This report indicates the position in regard to the work of the Economic Committee at its twenty-sixth session (Geneva, October 23rd-October 30th, 1928).

- DOUBLE TAXATION AND FISCAL EVASION. General Meeting of Government Experts. October, 1928. SUMMARY of the Observations received by August 30th, 1928, from the Governments on the Report submitted by the Committee of Technical Experts on Double Taxation and Tax Evasion. (C.495.M.147.1928.II.46) (D.T.125). 18 pp. 9d. \$0.20
This document includes a summary of the observations received from Governments on the Report of the Technical Experts (April, 1927) on Double Taxation and Tax Evasion.
- DOUBLE TAXATION AND TAX EVASION. Report presented by the General Meeting of Government Experts on Double Taxation and Tax Evasion. (C.562.M.178.1928.II.49). 39 pp. 1/6 \$0.40
This document contains, in addition to the experts' report, four draft bilateral conventions for the prevention of double taxation in the matter of direct taxes and succession duties, and regarding administrative assistance in matter of taxation and the collection of taxes. It also includes proposals regarding the future organisation which it is proposed to set up, within the frame work of the League, to study taxation questions.
- SETTLEMENT OF BULGARIAN REFUGEES. Ninth Report of the Commissioner of the League of Nations in Bulgaria. Period from August 15th to November 15th, 1928. (C.570.M.182.1928.II.50). (F.593.) 13 pp. 6d. \$0.15
This report gives an account of the progress made in settling Bulgarian refugees during the period August 15th-November 15th, 1928. It also describes how the Protocol, signed at Geneva on March 10th, 1928, is being carried out and how the 1928 7½% Stabilisation Loan, issued under the auspices of the League of Nations, is being utilised.
- TWENTIETH QUARTERLY REPORT OF THE REFUGEE SETTLEMENT COMMISSION. Athens, November 16th, 1928. (C.569.M.181.1928.II.51). (F.591.) 10 pp.. 6d. \$0.15
This report concerns the work of the Refugee Settlement Commission during the period September 15th-November 15th, 1928
- GREEK STABILISATION AND REFUGEE LOAN PROTOCOL AND ANNEXES. Approved by the Council of the League of Nations and signed on behalf of the Hellenic Government on September 15th, 1927. With the Relevant Reports of the Financial Committee and Resolutions of the Council and of the Assembly. (C.556.M.198.1927.II.74). 43 pp. and 3 tables 2/- \$0.50
This document contains all the League documents concerning the Greek Stabilisation Scheme, including the complete Statutes of the Bank of Greece.
- CONVENTION ON THE EXECUTION OF FOREIGN ARBITRAL AWARDS. Geneva, September 26th, 1927. (C.659.M.220.1927.II). (1928.II.1). (French and English texts). 8 pp. 4d. \$0.10
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PRICE

This Agreement provides for the abolition of import and export prohibitions and restrictions in regard to bones and waste thereof, horns and hoofs and waste thereof and glue-stock hide.

SUPPLEMENTARY AGREEMENT to the Convention of November 8th, 1927, for the Abolition of Import and Export Prohibitions and Restrictions (with Protocol and Final Act). (French and English texts.) (C.350 (1).M.106 (1). 1928. II.36) (C.I.A.P. 33 (1). 22 pp..... 9d. \$0.20

This Supplementary Agreement to the Convention of November 8th, 1927, forms a whole with same. It aims at fixing certain reservations authorised in favour of certain States and in fixing the conditions of the coming into force of the Convention as well as the period allowed for deposit of ratifications.

FIRST REPORT by the Trustee for the Free City of Danzig 6½% (Tobacco Monopoly) State Loan of 1927 (covering the period from June 25th, 1927, to June 30th, 1928). (C.390.M.125.1928.II.39) (F.553). 6 pp..... 2d. \$0.05

This first report contains, in addition to a statement on the trustee's work during the year, a general summary of his functions, together with the text of an agreement between him and the Bank of Danzig in regard to the control of the yield of the loan.

SETTLEMENT OF BULGARIAN REFUGEES.—Eighth Report of the Commissioner of the League of Nations. Period from May 15th to August 15th, 1928. (C.400.M.127.1928.II.40.) (F.557). 7 pp..... 4d. \$0.10

This is a report on the work of the Commissioner for the Settlement of Bulgarian refugees during the period May 15th to August 15th, 1928.

NINETEENTH QUARTERLY REPORT of the Greek Refugee Settlement Commission. Athens, August 15th, 1928. (C.406.M.128.1928.II.41.) (F.560). 24 pp. 9d. \$0.20

This nineteenth report contains a general summary of the work of the Greek Refugee Settlement Commission since its foundation and of the results obtained.

SETTLEMENT OF GREEK REFUGEES. General Summary of the work of the Greek Refugee Settlement Commission. (A.53.1928.II.44.) 9 pp..... 6d. \$0.10

This report, which was written for the Second Committee of the Assembly, gives a summary of the work of the Greek Refugee Settlement Commission since June, 1927.

REPUBLIC OF ESTONIA (Banking and Currency Reform). 7% Loan, 1927.

First Annual Report by the Trustee covering the period from June 15th, 1927, to June 30th, 1928. (C.186.M.60.1928.II.42) (F.514). 24 pp..... 9d. \$0.20

Besides a report on the Trustee's work during this first year, this document contains a general summary of his functions and of the results obtained in consequence of the issue of the loan. It also contains the text of the Statutes of the National Mortgage Bank of Estonia and a note by the Adviser to the Bank of Estonia on the banking and economic situation of Estonia.

FINANCIAL COMMITTEE. Report to the Council on the Work of the Thirty-Second Session of the Committee, held in Geneva from August 30th to

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This report deals in particular with the question of the Bulgarian Stabilisation Loan, as well as with the financial situation of Greece, Greco-Bulgarian emigration and financial assistance in case of war or threat of war. It also contains the text of the Additional Act to the Protocol for the Bulgarian Loan signed at Geneva on March 10th, 1928.

